



Southern California Salinity Coalition

Final Project Report

Automatic Water Softener Rebate Program – Phase II: Public Outreach Program

Prepared by:

**County Sanitation Districts of Los Angeles County
WHITTIER, CALIFORNIA**



SCSC Final Project Report

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About SCSC

The Southern California Salinity Coalition (SCSC) is a 501c3 nonprofit formed in 2002 by water and wastewater agencies in Southern California to address the critical need to remove salt from water supplies and to preserve our water resources. SCSC focuses on research and outreach activities that address the need to control or reduce salinity in potable water, wastewater, and recycled water. SCSC's member agencies include: Eastern Municipal Water District, Inland Empire Utilities Agency, Metropolitan Water District of Southern California, Orange County Sanitation District, Orange County Water District, San Diego County Water Authority, Sanitation Districts of Los Angeles County, Santa Ana Watershed Project Authority, and West Basin Municipal Water District.

For more information, please contact:

Southern California Salinity Coalition
c/o National Water Research Institute
18700 Ward Street
P.O. Box 8096
Fountain Valley, California 92728-8096 USA
Phone: (714) (714) 378-8240
Fax: (714) 378-3375
www.socalsalinity.org

Jeffrey J. Mosher, Administrative Director
Gina Melin Vartanian, Editor

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Acronyms

AWS	Automatic Water Softeners
Ordinance	Santa Clara River Chloride Reduction Ordinance of 2008
Regional Board	California Regional Water Quality Control Board, Los Angeles Region
Sanitation District	Santa Clarita Valley Sanitation District of Los Angeles County
SB 475	Senate Bill 475
SRWS	Self Regenerating Water Softeners
TMDL	Total Maximum Daily Load
WRP	Water Reclamation Plant

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1. Executive Summary

The Santa Clarita Valley Sanitation District of Los Angeles County (Sanitation District) developed a residential automatic water softener (AWS) rebate and outreach program that, to date,¹ in combination with a water softener ordinance, has successfully resulted in the removal of over 7,050 AWS from the Sanitation District's service area and helped to decrease chloride concentrations² in the local recycled water by approximately 50 milligrams per liter (mg/L).

The AWS rebate and outreach program consisted of two phases:

Automatic Water Softener Rebate Program–Phase I – Launched in November 2005, this phase provided a financial incentive of \$100 to \$150 for residents to voluntarily remove AWS from their homes. Phase I led to the removal of over 400 AWS between December 2005 and April 2007.

Automatic Water Softener Rebate Program–Phase II – Launched in May 2007, this phase focused on: (a) increasing the rebate amounts to the reasonable value of AWS (as high as \$2,000, in some cases, as determined by the Sanitation District) to provide a greater incentive for voluntary participation; and (b) upgrading the existing AWS outreach and public education program so that future programs would incorporate messages and outreach materials that were most effective for residents. Phase II led to the removal of over 2,400 AWS between May 1, 2007, and December 31, 2008.

Phase II was developed to be consistent with requirements of Senate Bill 475 (SB 475), which provided the Sanitation District with authority to require the removal of all residential AWS, as long as the Sanitation District complied with the following:

- Adopt an ordinance approved in a referendum by a majority vote.
- Implement a voluntary program to compensate residents for 100 percent of the reasonable value and cost of removing the AWS prior to the effective date of the ordinance, and 75 percent of the reasonable value and cost of removing the AWS thereafter.

In June 2008, the Sanitation District adopted the ***Santa Clara River Chloride Reduction Ordinance of 2008*** (Ordinance), which was subsequently approved by voters in the November 2008 general election through local Measure S. The Ordinance proved effective in increasing the removal of AWS in the Sanitation District's service area. Approximately 68 percent of Phase II rebate applications were received after Measure S was approved by the community and, to date, approximately 4,200 AWS have been removed since the Ordinance took effect on January 1, 2009.

This report describes the activities and lessons learned from the outreach element of Phase II and how these lessons continue to direct outreach efforts in the community.

¹ The outreach program timeframe covered in this report ranges from November 2005 to September 2010.

² The decrease in chloride concentrations was calculated using 2003/2004 levels.

Lessons include the following:

- Outreach materials should include messages about the higher rebate, viable alternatives to AWS, and potential construction and construction-related increased traffic should the AWS not be removed and additional treatment is required.
- All outreach materials should address monetary incentives and include effective visuals and convincing explanations.
- Efforts should continue to educate residents on chloride issues and provide new rebate information.
- Outreach must focus on consistent themes to break misconceptions. These themes may include: the new rebate amount is fair; additional facilities at the treatment plant are a real possibility and will result in construction and construction-related traffic impacts; proven alternatives exist; and proactive residents can minimize sewer rates.

The overall message is that, as project information evolves, attention is required to ensure that *outreach materials present the proper context for desired message points* so that the community is most effectively provided with available information over the course of the project.

2. Introduction

The Santa Clarita Valley Sanitation District of Los Angeles County (Sanitation District) developed a residential AWS rebate and outreach program to facilitate the removal of AWS in its service area and, as a result, reduce chloride levels in recycled water.

Also known as self-regenerating water softeners (SRWS), AWS are water treatment units whereby a homeowner adds rock salt or potassium chloride pellets to soften potable water. During the regeneration process, brine discharges containing elevated levels of chloride are discharged to the community sewer system and, ultimately, increase chloride levels in recycled water.

The rebate and outreach program, in combination with water softener ordinances, successfully resulted in the removal of over 7,050 AWS units from the Sanitation District's service area during the period of November 2005 to September 2010, as well as helped to decrease chloride concentrations in the local recycled water by approximately 50 mg/L (as compared to 2003/2004 levels).

The AWS rebate program consisted of two phases:

- *Automatic Water Softener Rebate Program–Phase I* – To provide a financial incentive for residents to voluntarily remove AWS.
- *Automatic Water Softener Rebate Program–Phase II* – To (a) increase the rebate amounts to the reasonable value of AWS to provide a greater incentive for voluntary participation and (b) upgrade the existing AWS outreach and public education program so that future programs would incorporate the types of messages and outreach materials that were most effective for Santa Clarita Valley residents.

This report describes the activities and lessons learned from the outreach element of Phase II and how these lessons continue to direct outreach efforts in the community. The purpose of this report is to help provide guidance for other agencies interested in developing effective outreach for similar AWS rebate programs.

2.1 Agency Background

The County Sanitation Districts of Los Angeles County managed Phase II of the rebate and outreach program on behalf of the Santa Clarita Valley Sanitation District.

2.1.1 *County Sanitation Districts of Los Angeles County*

The County Sanitation Districts of Los Angeles County are a confederation of independent special districts serving the wastewater and solid waste management needs of over 5-million people in Los Angeles County, California.

Seventeen of the districts have collectively constructed an extensive regional sewer system known as the Joint Outfall System, which conveys and treats approximately 450 million gallons per day of wastewater from 73 cities and unincorporated county areas. The Joint Outfall System consists of seven treatment plants/water reclamation plants (WRPs) and 1,200 miles of large-diameter trunk sewers that form a network connecting the treatment plants and ocean outfalls off White Point on the Palos Verdes Peninsula.

The County Sanitation Districts of Los Angeles County also operate four WRPs in northern Los Angeles County. Two plants serve the City of Santa Clarita and adjacent unincorporated areas in the Santa Clarita Valley. Two other plants serve the cities of Lancaster and Palmdale.

The designated beneficial uses of the waters receiving discharge from the WRPs are diverse and vary depending on location. These existing and potential use designations include:

- Groundwater recharge.
- Agriculture.
- Water recreation.
- Warm freshwater habitat.
- Wildlife habitat.
- Commercial and sport fishing.
- Rare, threatened, or endangered species reproduction and early development.

2.1.2. Santa Clarita Valley Sanitation District

The Santa Clarita Valley Sanitation District owns and operates two wastewater treatment plants – Saugus and Valencia WRPs – in the Santa Clarita Valley, California. In addition to these two plants, the Sanitation District operates more than 30 miles of trunk sewers in the area and one pumping plant. The Sanitation District’s service area consists of the City of Santa Clarita and a portion of unincorporated Los Angeles County in the Santa Clarita Valley.

2.2 Santa Clarita Valley Chlorides

The Sanitation District is currently facing significant water quality and regulatory challenges regarding the concentration of chloride being discharged to the Santa Clara River from Saugus and Valencia WRPs. The discharges contain chloride in excess of water quality objectives for the upper Santa Clara River that were established by the California Regional Water Quality Control Board, Los Angeles Region (Regional Board).

To address chloride in the upper reaches of the Santa Clara River, the Regional Board adopted Resolution 04-004 on May 6, 2004. This resolution, known as the Upper Santa Clara River Chloride Total Maximum Daily Load (TMDL), sets forth a comprehensive Implementation Plan for evaluating and attaining the water quality objective for the upper Santa Clara River. As part of the plan, the Sanitation District evaluated the sources of chloride inputs to the Saugus and Valencia WRPs. Chloride loadings from 2001 to mid-2009 have been fully characterized by the Sanitation District. The most recent report characterizing chloride loadings, entitled *Chloride*

Source Identification/Reduction Pollution Prevention and Public Outreach Plan,³ addresses chloride sources from July 2008 to June 2009.

Results from the source reduction plan reports indicate that AWS contributed as much as about 30 percent of the chloride in recycled water in the Santa Clarita Valley. It is now down to 20 percent from January 2008 to June 2008 (Figure 1) and is the largest controllable source of chloride in recycled water. Potable water supplies – a blend of local groundwater and imported surface water from Northern California – contribute 40 to 50 percent of chloride loadings, and rise and fall in accordance with California’s periodic drought cycles. The Sanitation District must significantly reduce chloride levels at Saugus and Valencia WRPs to comply with requirements of the TMDL adopted by the Regional Board.

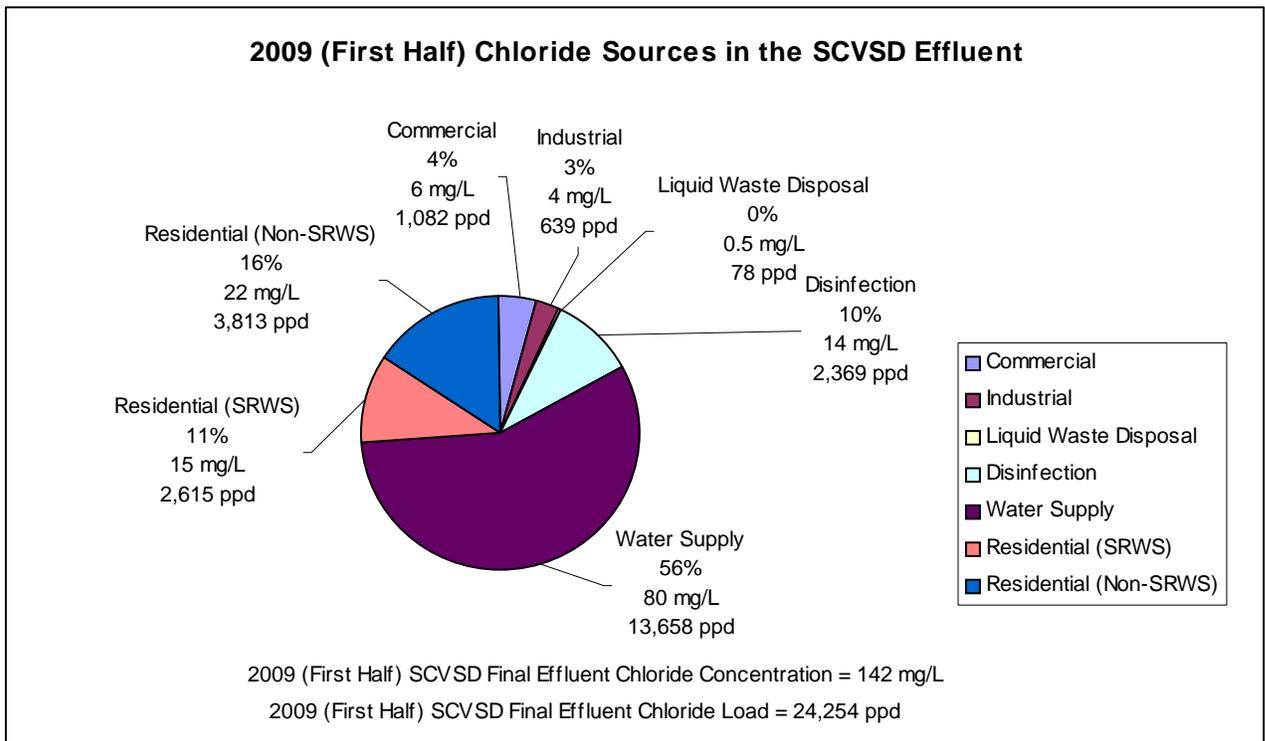


Figure 1: Chloride sources from January to June 2009.

2.3 Chloride Source Control Measures

The Sanitation District developed a source control program for chloride in the Santa Clarita Valley. Because AWS are the largest controllable source of chloride in the Santa Clarita Valley, source control efforts have continued to focus on the removal of these units. However, efforts to reduce chloride sources have also focused on the industrial sector, commercial sector, hauled waste, and treatment plant operations. Chloride in the water supply is also being examined.

³ Sanitation Districts of Los Angeles County (2009). *Chloride Source Identification/Reduction, Pollution Prevention, and Public Outreach Plan*. November 2009.

A summary of the Sanitation District’s chlorine source control measures since 2003 regarding the removal of residential AWS units is provided in Table 1. Additional details are discussed below.

Table 1: Sanitation District AWS Chloride Source Control Measures Since 2003

Date	Action
February 2003	Adopted ordinance to prohibit the installation of new AWS
September 2003	District used a competitive process to select O’Rorke, Inc. to conduct the community-wide public outreach efforts.
March 2004	Engaged in public education campaign targeting voluntary removal of residential AWS
November 2005	Launched Automatic Water Softener Rebate Program–Phase I to provide financial incentive for residents to remove AWS
June 2006	Began development of Automatic Water Softener Rebate Program–Phase II, an upgraded incentive program
September 2006	Governor signed Senate Bill 475 (SB 475) into law, which provided Sanitation District with authority to require the removal of all residential AWS
May 1, 2007	Launched upgraded incentive program, which offered 100 percent of reasonable value of SRWS through December 31, 2008
June 2008	Sanitation District Board adopted Santa Clara River Chloride Reduction Ordinance of 2008, which required removal of all residential AWS
November 4, 2008	General election, where Santa Clara River Chloride Reduction Ordinance of 2008 was passed by 64 percent of voters
January 1, 2009	Santa Clara River Chloride Reduction Ordinance of 2008 became effective requiring the removal of all residential SRWS Rebate program lowered rebates to 75 percent of reasonable value of SRWS

2.3.1 2003 Ordinance and Public Education Campaign

To help achieve compliance with the TMDL, the Sanitation District Board of Directors adopted an ordinance in February 2003 that prohibits the installation of new AWS in accordance with the provisions of Health and Safety Code Section 116786(d). In addition, since 2003, the Sanitation District has aggressively targeted the voluntary removal of residential AWS with a multi-pronged public education campaign. Methods include:

- Cable television advertising.
- Door hangers.
- Direct mail pieces.
- Movie theater advertising.
- Radio.
- Print media.
- Press events.
- Media outreach.
- Community meetings.

2.3.2 Automatic Water Softener Rebate Program–Phase I

To further encourage the voluntary removal of AWS, the Sanitation District launched the Automatic Water Softener Rebate Program–Phase I in November 2005 to provide a financial incentive for residents to remove AWS. The program offered residents the following rebates:

- \$100 for the removal of AWS.
- \$150 for the removal of AWS and replacement with a qualified non-salt alternative unit.

The program led to the removal of over 400 AWS between December 2005 and April 2007.

2.3.3 Enactment of Senate Bill 475 (SB 475)

A majority of residential AWS were not removed in the Sanitation District’s service area despite Phase I voluntary removal efforts. To help facilitate the timely removal of residential SRWS, the Sanitation District and City of Santa Clarita worked with Senator George Runner (Seventeenth Senate District) on the enactment of Senate Bill 475 (SB 475), which added Section 116787 to the California Health and Safety code to provide the Sanitation District with the authority to require the removal of all residential AWS, provided that the Sanitation District adopted an ordinance that was approved in a referendum by a majority vote of qualified voters prior to taking effect.

The legislation also required that the Sanitation District implement a voluntary program to compensate residents for 100 percent of the reasonable value and cost of removal of the AWS prior to the effective date of the ordinance, and 75 percent of the reasonable value and cost of removal thereafter. This differential compensation rate was intended to provide an incentive for owners to remove their units sooner, prior to the mandatory removal program going into effect.

2.3.4 Automatic Water Softener Rebate Program–Phase II

In June 2006, the Sanitation District began developing an upgraded incentive program consistent with the provisions for a voluntary program under the terms of SB 475. The Automatic Water Softener Rebate Program-Phase II was launched on May 1, 2007, and offered residents 100 percent of the reasonable value of the SRWS through December 31, 2008. During that period, over 2,400 AWS were removed as a result of this upgraded incentive program.

2.3.5 Santa Clara River Chloride Reduction Ordinance of 2008

In June 2008, the Sanitation District adopted the Santa Clara River Chloride Reduction Ordinance of 2008 (Ordinance) (see Appendix A), which required, if ratified by the voters, the removal of all residential AWS as specified in Senate Bill 475. The Ordinance became effective on January 1, 2009, through the passage of local Measure “S,” at a general election held on November 4, 2008. Passage of the Ordinance represented a positive indicator of the Sanitation District’s ongoing outreach efforts in the Santa Clarita Valley.

3 Rebate Program Scope

Development of the Automatic Water Softener Rebate Program–Phase II began in June 2006 and was divided into two parts:

- *Phase IIA* consisted of performing a reasonable value analysis to develop a formula to determine the reasonable value of AWS and to revise rebate amounts accordingly.
- *Phase IIB* consisted of upgrading the existing AWS outreach and public education program so that future outreach would be tailored to address the concerns and values of residents of Santa Clarita Valley.

A description of each of these phases is presented in the following sections.

3.1 Phase IIA Reasonable Value Analysis

The consulting firm, Larry Walker and Associates, was retained to help the Sanitation District assess the reasonable value for issuing rebates in accordance with voluntary and mandatory AWS removal programs. The primary goals related to the development of the rebate program included:

- Be consistent with recent changes to the Health and Safety Code pursuant to the provisions of SB 475.
- Maximize participation within the Santa Clarita community.
- Keep the rebate program easy and “hassle free” for participants.
- Make existing rebate participants whole⁴ under the new program.
- Minimize the potential for fraud.

Two approaches were used for the rebate program, depending on whether the customer submitted a receipt:

- *Approach 1:* The rebate is calculated using a sales receipt provided by the applicant and straight-line depreciation based on a useful life of 12 years with no salvage value.
- *Approach 2:* If a sales receipt is not available, a default rebate is derived based on the cost for a selected set of AWS model(s) most commonly owned by Santa Clarita residents and straight-line depreciation based on a useful life of 12 years with no salvage value.

⁴ Residents that participated in the Automatic Water Softener Rebate Program – Phase 1 should be eligible for additional compensation under the new rebate program.

A copy of the Larry Walker and Associates report entitled, *Options for a New Self-Regenerating Water Softener Rebate Program*, can be found in Appendix B. Based on the previously discussed recommendations from the report, the following rebates were offered to residents with AWS (see Table 2):

Table 2: Rebates Offered during Phase II (2007 to Present)

Timeframe	Rebate
May 1, 2007 – January 31, 2008	Rebates of \$325 to \$2,000 per AWS for the removal and disposal of non-rental AWS within the Sanitation District’s service area.
February 1, 2008 – December 31, 2008	Minimum value of rebates reduced to \$275 to account for additional depreciation of AWS. Rebates of \$275 to \$2,000 for the removal and disposal of non-rental AWS installed prior to March 2003.
January 1, 2009 - Present	Minimum value of rebates reduced to \$206, in accordance with Senate Bill 475, which allowed for rebates to be reduced to 75 percent of reasonable value, after Ordinance became effective.

To treat all community members equally, residents who participated in the Automatic Water Softener Rebate Program–Phase I became eligible for the difference between the new rebate amount and the \$100 or \$150 incentive provided under the prior program. To date, the Sanitation District has received 205 rebate applications from Phase I participants requesting consideration for an additional rebate.

3.2 Phase IIB Upgrade AWS Outreach and Public Education Program

The Sanitation District used a competitive process to select a consultant for the development and implementation of the community-wide public education and outreach efforts. The social marketing firm, O’Rorke, Inc. (O’Rorke), was selected and worked on the project from September 2003 to June 2009.

3.2.1 Focus Groups

On July 26, 2006, two focus groups were conducted with Santa Clarita Valley residents who own AWS. The purpose of the focus groups was twofold:

- Gain information to assist in developing the Automatic Water Softener Rebate Program–Phase II.
- Test targeted messages for the next stage of the public outreach campaign.

Major objectives included:

- Probe how to best market the enhanced rebate program.
- Educate residents on alternative non-salt water conditioning units.
- Isolate and test factors that prevented residents from believing and acting.
- Develop a fresh rebate outreach campaign that would build on this information.

Twenty-three participants were randomly selected by Facts 'N Figures, Inc., an experienced focus group recruiting and screening company. The first group consisted of residents who purchased and installed AWS units themselves, and the second group consisted of residents who had purchased homes with AWS units already installed. The recruiter successfully enlisted a mix of ages (between 23 to 49 years) for each focus group.

The focus groups included the following:

- Introductions and orientation of the parameters for the rules of discussion.
- The problem and potential solutions (a session guide was used by the facilitator to direct discussion towards pre-selected topics).
- Rebate program and new rebate offers.
- Viability of alternatives and believability of the construction of additional treatment facilities.
- Methodical test of 20 messages and visuals.

Results from the 2006 focus groups are presented in Section 4.1.

Additional focus groups were conducted in 2009 in conjunction with the Valencia Water Company Groundwater Softening Demonstration Project in the Copperhill Community. This outreach was performed after the Ordinance became effective and offers insight into the effectiveness of the Ordinance. The results from these focus groups are also presented in Section 4.1.

3.2.2 *Community Outreach*

Until recently, the Santa Clarita Valley experienced rapid population growth. Therefore, it was expected that new residents would be unaware of the salinity problems caused by AWS or restrictions on their installation within the area. Additionally, research conducted by the Claremont Graduate University found that decisions about water conditioning are often made in the period shortly after moving into a new home.⁵ To take advantage of the opportunity to influence new homeowners to remove AWS installed by previous homeowners and to prevent violations of the 2003 Ordinance, letters were sent to all new homeowners in the Santa Clarita Valley beginning in April 2005. Typically, the letters are sent to new owners of homes sold in the previous month. The letter includes the following:

- Explanation of the problems caused by chloride in the Santa Clara River.
- Information regarding the ban on the installation of AWS and saltwater pools.
- Encouragement to remove the AWS if one came with the home and to take advantage of the rebate program.

⁵ Knight, Kim and Kung, David. *Consumer Behaviors and Trends Surrounding the Use and Impact of Chloride-Based Water Softeners*, Claremont Graduate University, August 15, 2003.

The Sanitation District's community outreach included providing additional outreach in communities known to have high concentrations of SRWS and to encourage residents to remove these units. The communities selected for the targeted outreach were neighborhoods that were constructed between 1997 and 2003 (when SRWS were legal to install) in Stevenson Ranch, Fair Oaks Ranch, Valencia, and Canyon Country. Based on information collected in 2001,⁶ homes in Stevenson Ranch and Fair Oaks Ranch had SRWS market penetrations rates between 50 to 60 percent.

In December 2007, the Sanitation District conducted a pilot-scale outreach program on 25 homes in Fair Oaks Ranch and began developing outreach materials. Sanitation District staff also met with the Stevenson Ranch Homeowner's Association Board (Board) on December 18, 2007, to educate them on chloride reduction efforts and to inform them of the plan for door-to-door outreach in their neighborhood. The Board published an article on the project in their community-wide Winter 2007 newsletter, which was distributed to approximately 3,700 homes in Stevenson Ranch.

In February 2008, the Sanitation District trained 33 inspectors, engineers, and supervisors in preparation for door-to-door outreach. The goals of the door-to-door outreach included:

- Educate residents on the following: (a) the need to reduce chloride loading to the Santa Clara River, (b) the Automatic Water Softener Rebate Program–Phase II, (c) alternatives to AWS, and (d) Senate Bill 475.
- Answer questions from residents.
- Gain more information on why some residents have been reluctant to remove their AWS.

In addition, Sanitation District staff distributed door hangers with applications for the Rebate Program and information on alternatives to AWS. The door hangers were given to residents with AWS and left at homes where nobody answered the door.

On February 23 and March 1, 2008, Sanitation District staff visited 1,700 homes in Stevenson Ranch. The Sanitation District visited an additional 700 homes on March 8 in Stevenson Ranch and Fair Oaks Ranch. On March 15, the Sanitation District concluded the door-to-door outreach by visiting 700 homes in the Valencia and Canyon Country areas of the City of Santa Clarita. In total, the Sanitation District conducted door-to-door outreach for 3,100 homes in the Santa Clarita Valley. At approximately 40 percent of the homes visited, a resident answered the door and approximately 40 percent of those residents confirmed that they had an AWS. Through the targeted outreach, Sanitation District staff members were able to confirm the presence of at least 550 AWS in these communities and, utilizing data from these outreach events, estimated approximately 1,200 AWS were present. The Sanitation District spent approximately 460 staff hours in the Santa Clarita Valley conducting door-to-door outreach. A sample of the Sanitation District's targeted outreach materials is included in Appendix C.

⁶ See Section 4.6 in the *Santa Clarita Valley Joint Sewerage System Chloride Source Report, October 2002*.

To supplement the door-to-door outreach, the Sanitation District purchased flag advertisements (3-inch by 4-inch Post-it Notes) that were attached to the cover of *The Signal* newspaper. Approximately 1,700 flags were distributed on April 18, 2008, to households in Stevenson Ranch and Fair Oaks Ranch.

On September 19 and 20, 2008, staff from the Valencia Water Company (Valencia), Los Angeles County Sanitation District, and O'Rorke completed two rounds of door-to-door outreach in the Copperhill community. This outreach was performed following the launch of the Valencia Water Company's Groundwater Softening Demonstration Project, which uses an innovative softening technology (called Pellet Softening) to eliminate the hard water problems in their service area. The demonstration project was designed to test the technology by treating groundwater serving 432 homes in this community. The goal of the outreach was to inform residents about the project and to conduct surveys on hard water issues, as well as to reach each of the homes in the service area.

In January 2009, a 6-inch by 10-inch color postcard was mailed to all Copperhill residents who had not yet completed the survey. The postcard urged residents to disconnect their water softener and call or go online to complete the survey. The postcard also provided information about the Sanitation District's Rebate Program. O'Rorke also called the same group of residents to conduct the survey over the phone.

Focus groups were arranged to obtain additional information about the experience of Copperhill residents with pre-softened water. A discussion guide was developed using findings from the September door-to-door outreach. Residents were recruited using a phone list provided by Valencia Water Company. The January postcards also included a note asking residents to call Valencia Water Company if interested in participating in focus groups. The focus groups were conducted on January 26, 2009. Results for these focus groups are discussed in Section 3.1.

Despite the hesitance of many residents to open their doors to potential solicitors, the community's overall response to the outreach was positive. The majority of residents seemed to be aware of the negative environmental impact tied to automatic water softeners and was pleased to hear about the Demonstration Project.

A total of 134 surveys were completed in person, with six additional surveys submitted online at www.valenciawater.com. Residents who completed the survey during the door-to-door outreach received a Baskin Robbins coupon, while those who submitted the survey online received a Starbucks gift card. Valencia Water Company provided the coupons and gift cards. Door hangers were left at those homes where no one answered the door.

Two rounds of follow-up surveys were conducted to obtain resident feedback on the Valencia Water Company Groundwater Softening Demonstration Project in the Copperhill community. A total of 118 follow up surveys were completed (approximately 27 percent of the community). Twenty-one of the surveys were completed via phone throughout the month of April 2009 and the remaining 97 were completed during door-to-door outreach on May 31 and June 2, 2009.

Continuing community outreach efforts have transitioned from more formal focus groups to “coffee” groups where less formal discussions are being held regarding the Valencia Water Company Groundwater Softening Demonstration Project and chloride issues.

In summation, a timeline of community outreach activities related to removing AWS, preventing violations of the 2003 Ordinance, providing information about the Groundwater Softening Demonstration Project, and conducting surveys on hard water issues is include in Table 3.

Table 3: Community Outreach Timeline

Date	Action
Since April 2005	New homeowners receive letters regarding ban on AWS and rebate program.
July 26, 2006	Conducted two focus groups with Santa Clarita Valley residents that own AWS to help develop Phase II rebate outreach program.
December 2007	Conducted pilot-scale outreach program on 25 homes in Fair Oaks Ranch.
December 2007	Began development of outreach materials.
December 18, 2007	Met with Stevenson Ranch Homeowner Association Board to educate and inform about door-to-door outreach efforts; Board publishes article on project in Winter Newsletter.
February 2008	Trained 33 inspectors, engineers, and supervisors for door-to-door outreach.
February 2008	Distributed door hangers with applications for rebate program and alternatives to AWS.
February to March 2008	Visited a total of 3,100 homes in Stevenson Ranch, Valencia, and Canyon Country for door-to-door outreach.
April 18, 2008	Distributed 1,700 flag advertisements attached to cover of local newspaper to households in Stevenson Ranch and Fair Oaks Ranch.
September 19-20, 2008	Initiated door-to-door outreach in Copperhill community with information about Groundwater Softening Demonstration Project and to conduct surveys on hard water issues.
January 2009	Mailed postcard to Copperhill residents who did not yet complete survey about Groundwater Softening Demonstration Project; same group also called to conduct survey over phone.
January 26, 2009	Conducted two focus groups to obtain more information about Copperhill residents’ experiences with pre-softened water.
April 2009	Completed 21 follow-up surveys via phone.
May 31, 2009 June 2, 2009	Completed 97 follow-up surveys via door-to-door outreach.
Since June 2009	Holding “coffee” groups with less formal discussion regarding Groundwater Softening Demonstration Project and chloride issues.

4 Project Results and Outcome

4.1 Focus Groups

4.1.1 *Santa Clarita Valley Focus Group*

Eleven residents participated in the first focus group. Ten of the 11 participants were previously aware of the chloride problem in the Santa Clara River. In the second focus group, 8 of the 12 residents were previously aware of the problem. The residents who were aware of the chloride problem primarily learned about it from either newspaper articles or through word of mouth. The awareness level of the focus groups highlights the success of the Sanitation District's prior public outreach efforts.

During the discussions, participants suggested that the Sanitation District consider using the following outreach methods for future outreach efforts:

- Water bill inserts.
- Robo calls.
- Street signs.
- Mailers.
- Newspaper advertising.
- Participation in events (i.e., River Rally, Home and Garden Show).

Several interesting misconceptions were identified in the focus group discussions. Foremost was the distrust of the process. Residents did not understand why their need for soft water was not a priority and did not believe that a desalination plant is realistic or a real threat. Some participants believed that the only viable alternative to AWS is a portable exchange tank service, which they considered to be just as bad for the environment as AWS. Furthermore, participants felt that salt softening is the only way to reduce water spots, improve taste, protect skin and hair, and avoid damage to pipes and appliances. Participants also believed that a high percentage of Santa Clarita Valley residents still own and use AWS.

Most participants in the focus groups agreed it was cost-effective to unplug their AWS, thereby preventing a source of chloride in recycled water. All participants were willing to unplug their AWS for a rebate if there were viable alternatives that are environmentally friendly, will not damage appliances, and are reasonably priced. Participants showed an overwhelming interest in learning more about alternatives and suggested that information on alternative units be included in outreach materials.

These focus groups presented an opportunity to examine the way in which select AWS owners view the chloride reduction efforts. Although the groups were not representative of all AWS owners, their opinions provided useful information towards the development of the Automatic Water Softener Rebate Program–Phase II and a foundation for future phases of the public outreach campaign.

4.1.2 Copperhill Focus Group

In an ongoing effort to monitor residents' opinions of the Groundwater Softening Demonstration Project, two small focus group sessions were conducted on January 26, 2009, in Valencia, California. A discussion guide was developed in advance to obtain more information about residents' experiences with the pre-softened water (beyond the feedback captured during the initial door-to-door outreach and survey). The groups were held in a casual setting at the Northridge Point Clubhouse in Valencia.

A total of 13 Copperhill residents were confirmed for the groups. Four residents (three women and one man) attended and participated in the focus groups; a lack of incentive may have played a part in the low turnout. All four participants had an AWS in their home at one point, and two residents had recently disconnected to participate in the program and receive a rebate.

All residents were aware of Measure S and believed that somewhere between 50 to 75 percent of Santa Clarita Valley homes utilized an AWS prior to the ban. One participant said, "Everybody I know has a water softener." Another said the Demonstration Project made it easier for her to vote in favor of Measure S. None of the residents had seen information on alternatives to AWS and were not aware of the website, www.valenciawater.com, to learn more.

Respondents were also aware of the salty waste released by automatic water softeners into the Santa Clara River and believed their neighbors were aware of it as well. One respondent said, "There's just been so much in the paper and putting the word out there that I believe everybody knows it."

Each focus group participant had noted changes and improvements in their tap water since the launch of the Demonstration Project, including the absence of white build-up on faucets and sinks, fewer water spots in the shower, and improved skin and hair. A few participants shared their excitement about the pellet-softened water: "I think this is even nicer than when I had the water softener in," and "Whatever you guys are doing is awesome. And I hope it goes forever because I don't ever want to go back to the other thing, and it seems so much better for the environment."

Most participants were satisfied with water provided by the Demonstration Project, but were concerned about what will happen if the project does not continue beyond the test period. They proposed a few ideas for encouraging people to disconnect and try Valencia's water:

- Convey that it is a waste of money to pay for softeners and salt when pre-softened water is free.
- Inform others on how satisfied most residents are with the pre-softened water.
- Work with *The Signal* to publish additional articles about the Demonstration Project.
- Interview people who are happy with the new water for the Home Owners Association newsletter.
- Utilize realtors.

Three of the four residents said they would support outside efforts to ensure long-term receipt of the pellet-softened water. The other resident was unsure and said that it is “better than nothing,” but if he had to resort to an exchange tank, then the project is useless to him.

4.1.3 Focus Group Results

The focus groups presented an opportunity to examine the way in which selected Santa Clarita Valley AWS owners view the chloride issue. Although these groups were not representative of all AWS owners, the opinions provide a foundation for the development of the next phase of public outreach. The focus groups helped spotlight that continued outreach should focus on (a) educating residents on chloride issues and (b) providing new rebate information to help increase the incentives to remove AWS. Additionally, the groups helped guide outreach messages to focus on favored themes and break misconceptions. The messages included portions indicating the following:

- The new rebate amount is fair.
- A treatment plant is a real possibility, and will affect construction and traffic.
- Proven alternatives exist.
- Proactive residents can prevent higher sewer rates.

Overall, the focus groups helped the Sanitation District understand and target specific message points that resonate with Santa Clarita Valley residents.

Residents preferred messages that (a) explained the increase in rebates, the potential increase in sewer rates if nothing is done, and viable alternatives for AWS replacement, and (b) focused on avoiding environmental impacts.

Residents disliked messages that used guilt/embarrassment, testimonials, procrastination, or thanking them for doing the “right thing.”

Additionally, visuals that included dollar signs, environmental images, headlines and bullets, and bright colors were more motivating than those with stories or that had dark colors.

Although the focus groups may not represent all of the residents in the area, they were effective in developing outreach efforts that were successful. These outreach efforts have significantly increased the amount of AWS removed in the Sanitation District’s service area. To date, over 75 percent of the AWS removed in the Santa Clarita Valley are due to continued outreach efforts represented by the Automatic Water Softener Rebate Program–Phase II. To date, approximately 4,200 AWS have been removed after the effective date of the Ordinance (60 percent of all AWS removed). In the 23 months following the passage of the Ordinance, over 4,100 rebate applications have been received. Further, the passage of the Ordinance also indicates that the outreach efforts of the Sanitation District have succeeded in educating residents on chloride issues.

4.2 Community Outreach

After the newsletter article was published by the Stevenson Ranch Homeowner's Association Board, 43 Automatic Water Softener Rebate Program–Phase II applications were received from residents between December 15, 2007, and the beginning of the door-to-door outreach on February 23, 2008. From February 23, 2008 to June 30, 2008, the Sanitation District received 338 Automatic Water Softener Rebate Program–Phase II application forms, including 109 applications from homes visited during the targeted outreach. There were 76 applications received from Stevenson Ranch, 20 from Fair Oaks Ranch, and 13 from the City of Santa Clarita. The newsletter article, door-to-door outreach, and flags in *The Signal* yielded a total of 152 Automatic Water Softener Rebate Program–Phase II applications, with 83 AWS being removed in the targeted outreach areas from December 15, 2007, to December 31, 2008. Based on the information collected to date, the newsletter article was cost-effective. The door-to-door outreach was resource intensive, but 83 AWS were removed and staff educated the public on the chloride issue. The public education impact of the door-to-door outreach was difficult to quantify.

Of those surveyed for the follow up on the Valencia Water Company Groundwater Softening Demonstration Project in the Copperhill community, 80 residents (68 percent) did not currently own an AWS or had unplugged their AWS since the project launch. Thirty-eight residents (32 percent) currently used a water softener and, of those, six residents reported use of an exchange tank and three used a carbon-based system. The remaining 29 used an AWS. Seventy-eight percent of those residents currently using a water softener said they would disconnect right away to try pre-softened water. Two residents were provided a rebate application during door-to-door outreach. Three residents said they would not disconnect as they use an AWS due to health concerns, including eczema.

Thirty-nine percent of respondents cited the launch of the Demonstration Project as the primary reason they disconnected their AWS, while 61 percent named other reasons, including the rebate program and the Ordinance banning softeners.

Overall, since the beginning of the Automatic Water Softener Rebate Program–Phase II, over 6,000 rebate applications have been received and over 6,400 AWS have been removed, including approximately 800 rentals removed by contract. More than 4,000 of the 6,000 rebate applications were received after passage of the Ordinance. In total, more than 7,000 AWS have been removed to date as part of the Sanitation District's efforts, and it is estimated that approximately 500 to 1000 AWS still are discharging in the Sanitation District's service area.

4.3 Water Quality

Chloride sources have been tracked to determine the effectiveness of outreach efforts on water quality.

As seen in Figure 2, chloride concentrations – independent of water supply and contributions from disinfection – have decreased over time. An overall decrease of approximately 50 mg/L

has occurred since 2003/2004, which is directly attributable to the Phase I and II outreach efforts and the Ordinance.

In addition, chloride concentrations have decreased over time by source (AWS, water supply, disinfection, and other uses), as seen in Figure 3. Since 2007, chloride concentrations attributed specifically to AWS have decreased by more than 50 percent. The majority of this decrease occurred after the passage of the Ordinance, indicating that it had a significant impact on consumer behavior.

4.4 Upper Santa Clara River Chloride TMDL

The outreach program utilized various messages that were tailored to specifically resonate with the community and evolved over time. At the time that public outreach materials were developed, final details regarding the ultimate compliance option for the chloride TMDL and the requisite rate increases needed to fund this compliance program were unknown due to the evolving nature of the TMDL regulatory process. As a result, members of the public were under the belief that the removal of AWS from the community would allow the Sanitation District to achieve compliance with the chloride standards. However, although the removal of AWS made major strides in lowering chloride levels in the treatment plant discharge, it was not sufficient to bring the plants into full compliance. Full compliance, without the need for advanced treatment, would have required significantly higher chloride limits during drought conditions, which the Regional Board was not willing to grant. The belief that AWS removal would preclude the need for additional treatment and rate increases resulted in public opposition to the proposed TMDL compliance programs. Therefore, it was important to provide proper context for the final TMDL compliance program and associated cost of compliance of this program in later outreach documents supplementing the earlier public outreach efforts and materials.

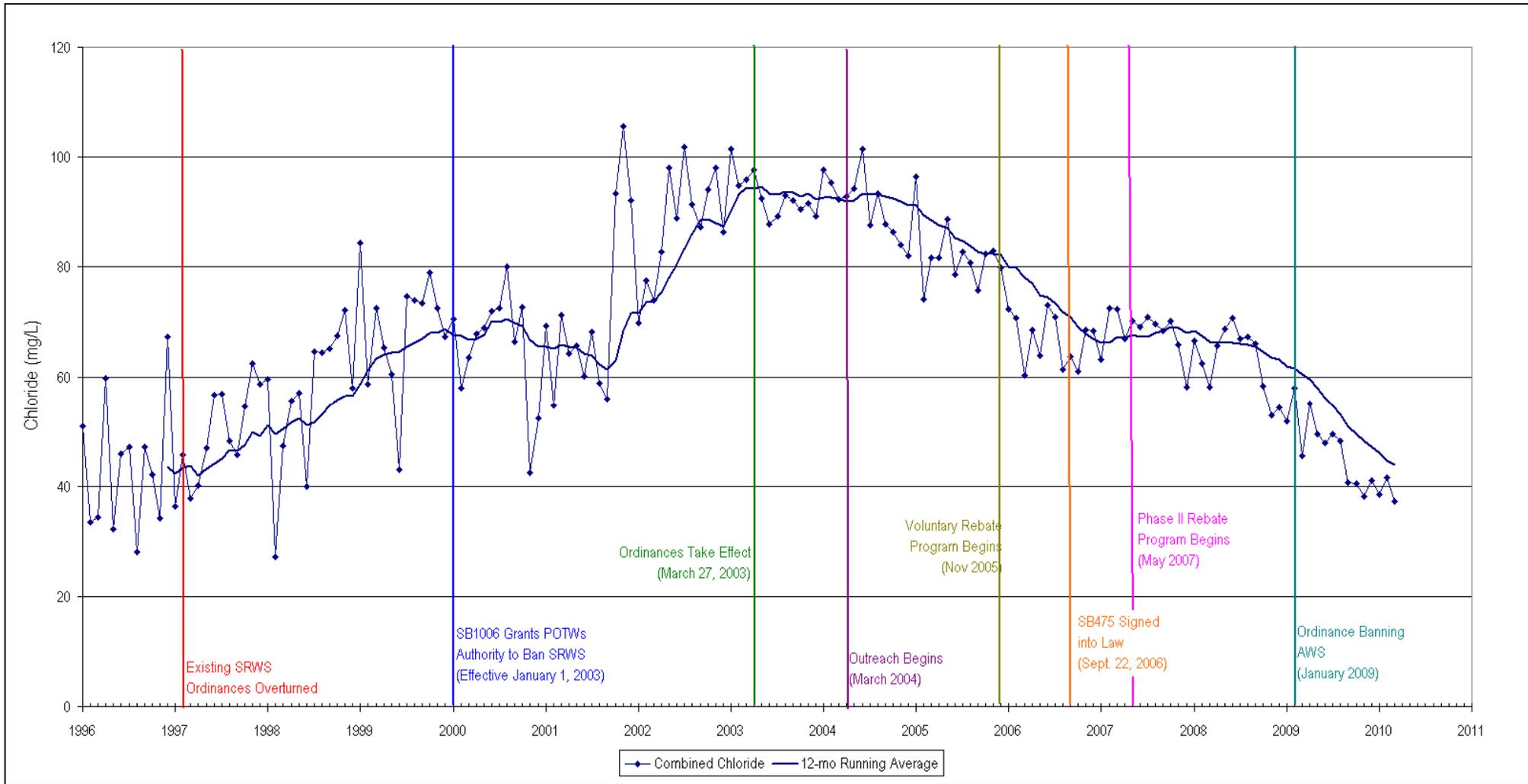


Figure 2. Chloride added to Santa Clarita Valley recycled water by users (AWS and other sources).

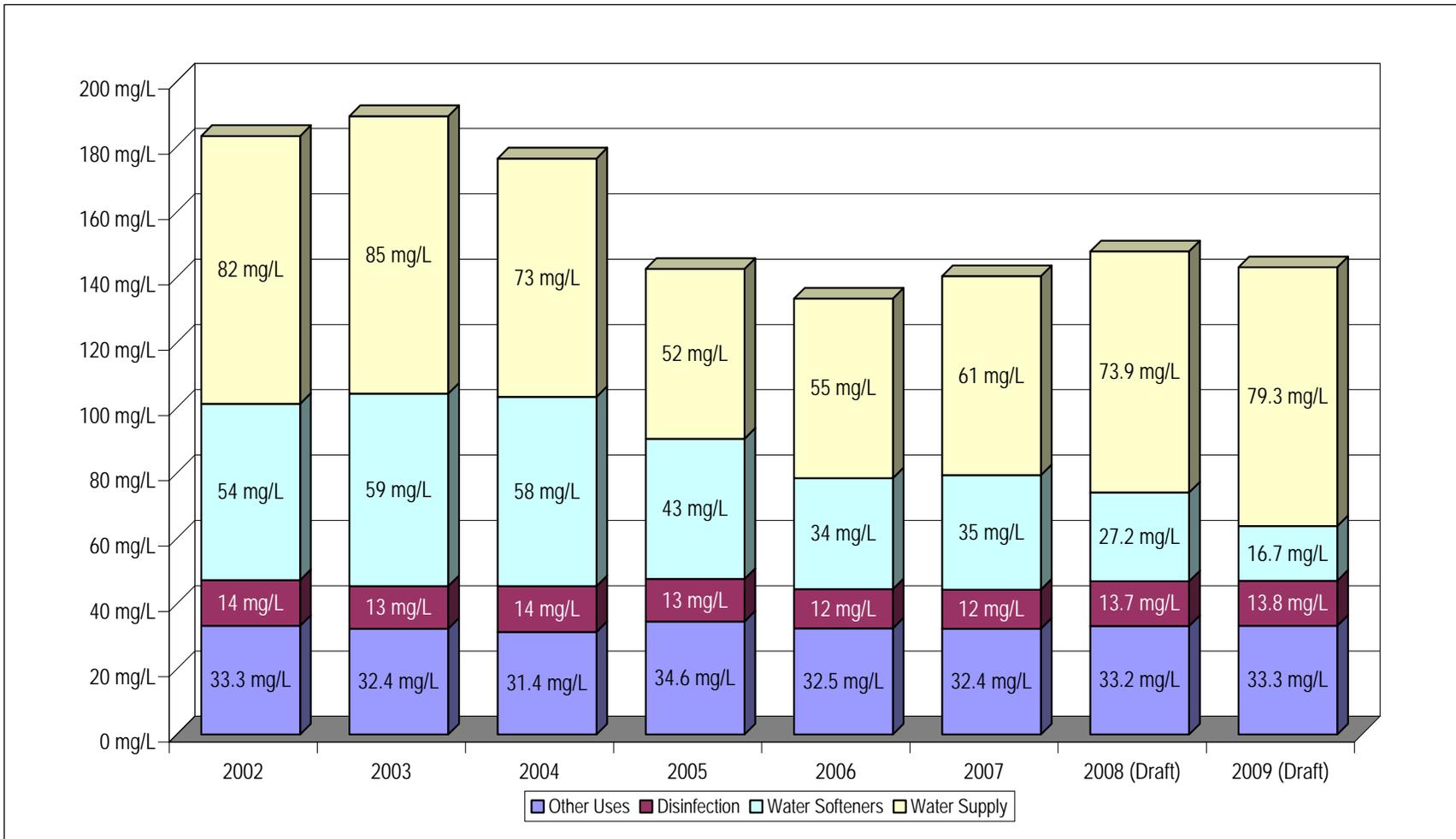


Figure 3. Chloride added to Santa Clarita Valley recycled water by source.

5 Conclusion

The Automatic Water Softener Rebate Program–Phase II has evolved since it began in June 2006. Efforts initially focused primarily on a voluntary removal program with incentives based on the reasonable value of the AWS. These efforts were guided by formal focus groups to determine effective messages and techniques for helping residents to remove their AWS.

Although efforts to have residents remove AWS voluntarily did meet with some success, Sanitation District efforts shifted in 2009 from a voluntary incentive-based approach to a mandatory approach (the Ordinance). After passage of the Ordinance, a significant increase of AWS removed was noted.

In conclusion, the following lessons were learned during Automatic Water Softener Rebate Program–Phase II efforts:

- Phase IIA established a reasonable value for the rebate and removal program for AWS, which included a formula for depreciation.
- Phase IIB was developed based upon focus groups and a combination of various community outreach methods, some more successful than others.
- 2006 focus group messages found the following, which became the basis for the following types of messages and visuals used in outreach materials:
 - Messages:
 - We have increased the rebate.
 - Avoid/minimize increased sewer rates.
 - Avoid traffic/construction.
 - Viable alternatives exist.
 - Take the rebate and run.
 - Most Santa Clarita Valley residents do not own an AWS.
 - Avoid environmental impacts.
 - Visuals:
 - Dollar signs (\$).
 - Environmental images.
 - Bold yellow and black.
 - Headlines/bullets.
 - Bright colors.
 - Truck image (newspaper ad).
- Community outreach consisted of the following:
 - Water bill inserts, robo calls, street signs, mailers, newspaper advertising, and participation in events (i.e., River Rally, Home and Garden Show).

- Newspaper advertising and street signs appeared to be most successful at providing information to residents and were often cited as sources of information on the chloride problem.
- While water quality was improved through voluntary methods, over 65 percent of Automatic Water Softener Rebate Program–Phase II rebate applications were received in the 16 months after the passage of the Ordinance. Sharp increases in the rebate applications received indicate the importance that the Ordinance had in affecting consumer behavior.
- Chloride levels independent of water supply and disinfection continue to be reduced as a result of the outreach efforts implemented by the Sanitation District and passage of the Ordinance.

The goal of the public outreach program was to facilitate the removal of AWS and thereby reduce chloride levels in recycled water. The program has been successful in meeting the intended goal.

The outreach program utilized various messages that were tailored to specifically resonate with the community and evolved over time. As previously indicated, the uncertainties over the final TMDL compliance program and associated cost of compliance of this program to ratepayers ultimately resulted in some public opposition due to the belief by some residents that the removal of AWS would preclude the need for rate increases to comply with TMDL. Therefore, it was important to provide proper context for these elements in later outreach documents supplementing the earlier public outreach efforts and materials.

In conclusion, as known project information evolves, attention is required to make sure that outreach documents provide the proper context for desired message points so that the community is most effectively provided with available information over the course of the project.

Appendix A: Santa Clara River Chloride Reduction Ordinance of 2008

**SANTA CLARA RIVER
CHLORIDE REDUCTION ORDINANCE OF 2008**

The Board of Directors of the Santa Clarita Valley Sanitation District of Los Angeles County ordains as follows:

1. **AUTHORIZATION**

This Ordinance is enacted pursuant to authority contained in the County Sanitation District Act, California Health and Safety Code Sections 4700 *et seq.*, and exercises authority conferred by law including, but not limited to, Chapter 5, Part 12, Division 104 of the California Health and Safety Code, and Article 4, Chapter 1, Part 1, Division 2 beginning with Section 53069.4 of the Government Code.

2. **SHORT TITLE**

This Ordinance shall be known and referred to as the *Santa Clara River Chloride Reduction Ordinance of 2008*.

3. **PURPOSE**

The purpose of this Ordinance is to limit the discharge of chlorides to the Santa Clara River thereby improving the potential for the Santa Clarita Valley Sanitation District of Los Angeles County to comply with requirements of the California Regional Water Quality Control Board, Los Angeles Region. It is also the purpose of this Ordinance to reduce the expenditure of public funds and mitigate rate increases by lessening the need for new capital facilities.

4. **DEFINITIONS**

The following definitions shall apply to the terms used in this Ordinance:

(a.) "District" means the Santa Clarita Valley Sanitation District of Los Angeles County. The District owns and operates a sewer system that conveys wastewater to the Saugus and Valencia Water Reclamation Plants.

(b.) "Person" means any person, firm, association, organization, partnership, business, trust, corporation, company, district, county, city and county, city, town, the state, the federal government, and any of the agencies and political subdivisions of such entities.

(c.) "Plants" means the District's Saugus and Valencia Water Reclamation Plants.

(d.) "Community Sewer System" means the network of facilities owned and operated by the District or that are tributary to the District-owned and operated facilities that convey wastewater from within the District's service area to the Plants.

(e.) "Regional Board" means the California Regional Water Quality Control Board, Los Angeles Region, created and exercising its powers pursuant to the Porter-Cologne Water Quality Control Act, California Water Code Sections 13000 *et seq.*

(f.) "Brine" means a heavily saturated salt solution containing chloride.

(g.) "Residence" means a structure that is, or is intended to be, in whole or in part, a place of dwelling, whether occupied or not, whether fully constructed or not, and includes, without limitation, homes, whether attached to another structure or not, apartments, condominiums, and mobile homes.

(h.) "Residential self-regenerating water softener" and/or "appliance" means residential water softening or conditioning appliances that discharge Brine into the Community Sewer System. Residential self-regenerating water softeners are also more commonly known as "automatic" water softeners. Residential self-regenerating water softeners only include water softening or conditioning devices that renew their capability to remove hardness from water by the on-site application of a chloride solution to the active softening or conditioning material contained therein, followed by a subsequent rinsing of the active softening or conditioning material.

5. FINDINGS

The Board of Directors of the District finds and declares the following:

- a) The Santa Clara River is one of the only remaining natural rivers in Southern California, supporting fish and wildlife, recreation and agriculture in Los Angeles and Ventura Counties.
- b) The District's Plants discharge to the Santa Clara River.
- c) Use of residential self-regenerating water softeners installed prior to 2003 is the most significant controllable source of chloride entering the Community Sewer System and the Plants. Residential self-regenerating water softeners use salt to renew their capacity to remove hardness, and then discharge Brine to the Community Sewer System. Residential self-regenerating water softeners account for approximately 30% of all chloride in the Plant's discharge. Although wastewater is treated to a high level at the District's Plants, the Plants are not designed to remove chloride.
- d) The Regional Board has determined that chloride levels in the Santa Clara River must be reduced, and pursuant to a Total Maximum Daily Load ("TMDL") for chloride established by the Regional Board for Reaches 5 and 6 of the Santa Clara River in Los Angeles County, which became effective May 4, 2005, has required the District to reduce the chloride levels in its Plants' discharge.
- e) The District has adopted and is enforcing regulatory requirements that limit the volume and concentrations of chloride discharges from non-residential sources to the Community Sewer System to the extent technologically and economically feasible.
- f) The District has adopted and is enforcing an ordinance prohibiting the prospective installation of residential self-regenerating water softeners pursuant to Health & Safety Code Section 116786.
- g) To further reduce chloride in the Plants' discharge, the District must either reduce sources of chloride in wastewater discharged to the Community Sewer System, remove chloride from wastewater at the Plants through construction and operation of expensive and energy-intensive advanced treatment facilities, or both. Construction and operation of advanced treatment facilities for chloride removal at the Plants will result in the production of Brine, which will also require disposal. If residential self-regenerating water softeners are not removed, the incremental present worth of construction and operation of advanced treatment

and Brine disposal facilities to remove chloride contributed by residential self-regenerating water softeners is approximately \$73 million.

- h) Reducing chloride levels by requiring the removal of all remaining installed residential self-regenerating water softeners discharging to the Community Sewer System will cost the District approximately \$2-3 million.
- i) Reducing chloride levels by requiring the removal of all installed residential self-regenerating water softeners would save the District's ratepayers approximately \$70 million, based on the difference between the cost of residential self-regenerating water softener removal and the incremental cost of new advanced treatment and Brine disposal facilities to remove the same amount of chloride.
- j) Removal of residential self-regenerating water softeners within the District is estimated to take approximately one year after the effective date of this Ordinance. Under the TMDL, the District must perform environmental review, permitting, design and construction of new advanced treatment and Brine disposal facilities for the removal of chloride by May 4, 2016. Therefore, removing residential self-regenerating water softeners will reduce chloride in discharges to the Santa Clara River sooner than installing advanced treatment and Brine disposal facilities to achieve an equivalent level of chloride reduction.
- k) The removal of all installed residential self-regenerating water softeners is a necessary and cost-effective means of achieving timely compliance with a TMDL issued by the Regional Board for the Santa Clara River.
- l) Residents within the District will maintain the ability to soften or condition their water by using water softening or conditioning devices that do not discharge Brine to the Community Sewer System. Among these are portable exchange water softeners, which use a removable tank to soften water. These tanks are serviced by facilities located outside the District's service area that are permitted to treat and dispose of the Brine used to regenerate them. Based on available information, sufficient capacity to treat Brine exists in Los Angeles County, and therefore, portable exchange water softeners remain available as a water softening option for residents affected by this Ordinance.
- m) Based on available information, the adoption and implementation of this Ordinance will avoid or significantly reduce the costs associated with advanced treatment for chloride removal and Brine disposal that otherwise would be necessary to meet the TMDL.
- n) The District has established a voluntary program to compensate owners of residential self-regenerating water softeners within its service area for 100% of the reasonable value of each removed residential self-regenerating water softener and the reasonable cost of the removal and disposal of that residential self-regenerating water softener. This program shall remain in effect until the Effective Date of this Ordinance. The program is expected to result in the removal of 3,300 self-regenerating water softeners. The reduction in chloride levels resulting from the voluntary program is expected to be 4,400 pounds per day.
- o) On and after the Effective Date of this Ordinance, the District will continue a program to compensate owners of residential self-regenerating water softeners within its service area for 75% of the reasonable value of each removed residential self-regenerating water softener and the reasonable cost of the removal and disposal of that residential self-regenerating water

softener. Approximately 3,200 self-regenerating water softeners are expected to be removed. The potential reduction in chloride levels expected as a result of the program is 4,300 pounds per day.

6. REQUIREMENT FOR REMOVAL OF RESIDENTIAL SELF-REGENERATING WATER SOFTENERS

Every person who has a residential self-regenerating water softener that is installed upon his or her property or premises, and every person occupying or leasing the property or premises of another who has a residential self-regenerating water softener installed thereon, that discharges into the Community Sewer System shall remove and dispose of the installed residential self-regenerating water softener within 180 days after the Effective Date of this Ordinance.

7. ADMINISTRATIVE ENFORCEMENT

- a) The Chief Engineer and General Manager of the District ("Chief Engineer") shall administer, implement, and enforce the provisions of this Ordinance. Any powers granted to or duties imposed upon the Chief Engineer may be delegated to persons acting in the beneficial interest of or in the employ of the District. The Chief Engineer shall enforce this Ordinance by (1) performing public outreach to inform residents of the terms of this Ordinance and to encourage voluntary compliance, (2) withholding administrative enforcement actions until 180 days after the Effective Date of the Ordinance have passed to allow all affected residents adequate time to remove their installed residential self-regenerating water softeners, (3) monitoring flows within the Community Sewer System to determine the locations of residential self-regenerating water softeners, and/or (4) conducting inspections upon reasonable notice of any residence that discharges to the Community Sewer System.
- b) The Chief Engineer may issue a Notice of Violation to any Person who fails to remove a residential self-regenerating water softener as required by this Ordinance. A Notice of Violation shall allow a period of 60 days to correct the violation and to remove and dispose of the installed residential self-regenerating water softener. Any Person violating this Ordinance after issuance of Notice of Violation and the subsequent 60-day period shall pay an administrative fine to the District in an amount not to exceed \$1,000.00 for such violation.
- c) Any Person who has received a Notice of Violation may within 30 days request a hearing and review by a hearing officer of the District. The hearing shall be held within 30 days of the request. Following the hearing, the District's hearing officer may dismiss the violation or issue an Administrative Order for the imposition of an administrative fine and the removal of any installed appliance. Service of the Administrative Order may be made by personal delivery or by first class mail addressed to the Person at the address listed in the notice. An Administrative Order may be appealed in accordance with the provisions of Government Code Section 53069.4.
- d) The owner of a residential self-regenerating water softener subject to administrative enforcement under this section may elect to have the District remove the residential self-regenerating water softener from the residence. The owner retains the right to compensation for 75% of the reasonable value of the residential self-regenerating water softener.

8. **VIOLATION**

Any Person who violates any of the provisions of this Ordinance following the issuance of a final Administrative Order under Section 7 is guilty of a misdemeanor punishable by a fine of not to exceed \$1,000.00 or by imprisonment not to exceed 30 days or by both such fine and imprisonment. The amount of any such fine shall be first allocated to pay the District's costs of enforcement.

9. **SEVERABILITY**

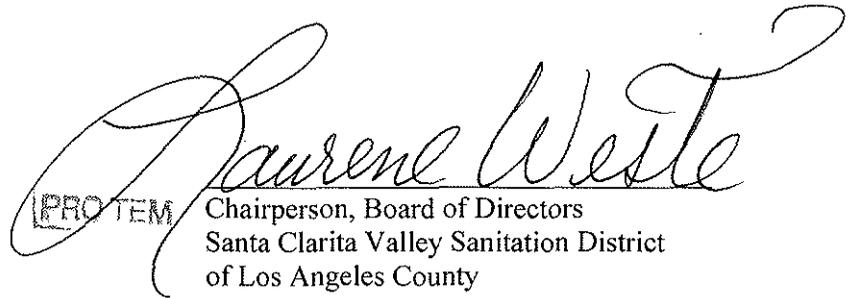
If any provision of this Ordinance or the applicability thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid portion or application, and to that end the provisions of this Ordinance are severable.

10. **REFERENDUM**

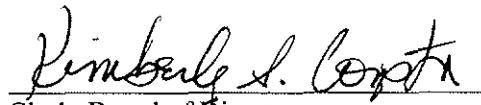
Pursuant to California Health & Safety Code Section 116787(b), this Ordinance shall not be effective until it is approved by a majority vote of the qualified votes cast in a regularly scheduled election, held in the District's service area, in a referendum in accordance with applicable provisions of the Elections Code.

11. EFFECTIVE DATE

This Ordinance shall become effective 30 days from the date of final passage by the Board of Directors and subsequent approval by the voters pursuant to referendum, but no earlier than January 1, 2009.


PRO TEM Chairperson, Board of Directors
Santa Clarita Valley Sanitation District
of Los Angeles County
JUN 11 2008

ATTEST:


Clerk, Board of Directors
Santa Clarita Valley Sanitation District
of Los Angeles County

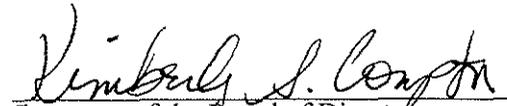
PASSED AND ADOPTED by the Board of Directors of the Santa Clarita Valley Sanitation District of Los Angeles County on June 11, 2008 by the following vote:

AYES: Directors Burke and Weste

NOES: None

ABSENT: Director Kellar

ABSTAIN: None


Secretary of the Board of Directors
Santa Clarita Valley Sanitation District
of Los Angeles County

Appendix B: Options for a New Self-Regenerating Water Softener Rebate Program

JANUARY 2008

SANTA CLARITA VALLEY SANITATION DISTRICT

Options for a New Self-Regenerating Water Softener Rebate Program



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Executive Summary

The Santa Clarita Valley Sanitation District (District) is revising its current program to reduce the discharge of chlorides from its water reclamation plants to the Santa Clara River to comply with the Upper Santa Clara River Chloride Total Maximum Daily Load (TMDL). The two largest factors that affect chloride concentrations in the wastewater are water supply and the loading from residential self-regenerating water softeners (SRWS). There are currently an estimated 6,500 residential SRWS in use in the District's service area, of which approximately 1,800 are rental units. As one of the steps to achieve compliance, in 2003 the District adopted an ordinance prospectively prohibiting the installation of new residential SRWS and implemented an incentive rebate program for voluntary removal of existing units. To enhance and accelerate program participation, the District is creating a new voluntary rebate program by providing compensation to residents for the reasonable value of the removed unit and removal and disposal costs.

The goals of the new proposed rebate program are: 1) to be consistent with recent changes to the Health and Safety Code pursuant to the provisions of Senate Bill 475; 2) to maximize participation within the Santa Clarita community; 3) to keep the rebate program easy and "hassle free" for participants; 4) to make existing rebate participants whole under the new program; and 5) to minimize the potential for fraud.

Two general categories of approaches were used to derive options for a rebate amount: a) using specific information on SRWS models where a rebate would be based on the purchase price of the specific SRWS being removed from a home, and b) using a fixed amount for SRWS models where a rebate would be assigned based on the brand and model, but not necessarily linked to the purchase price paid by the owner applying for the rebate. Several rebate options were identified within each category.

The specific model approach and one of the fixed amount approaches relies on having information on the purchase price, purchase date, and a method for determining depreciation of the units. The other fixed amount approaches are based on default values that do not require knowledge of purchase price, purchase date or a depreciation method. For the options that require information on purchase price, purchase date, and a depreciation method, several possibilities were identified to obtain this information. Based on this evaluation, the most promising approaches for rebate options are:

- **Approach 1:** The rebate is calculated using a sales receipt provided by the applicant and straight line depreciation based on a useful life of 12 years with no salvage value. A maximum rebate amount would be established with a case-by-case appeal procedure. In cases where receipts are not available, a default value would be applied to derive a rebate using the method in Approach 2. If documentation is not available on when a unit was purchased, the default time of ownership could be based on a purchase date of 2003, the last year before the enactment of the District's ordinance prohibiting the installation of residential SRWS or January 2000 representing the mid-point of the time period when it was legal to install residential SRWS, or to use the default rebate value per Approach 2.

- **Approach 2:** A default rebate is derived based on the cost for a selected set of SRWS model(s) most commonly owned by Santa Clarita residents and straight-line depreciation based on a useful life of 12 years with no salvage value. The default time of ownership could be based on a purchase date of March 2003 representing the last month when it was legal to install residential SRWS. This alternative should also include an appeal procedure if a resident has a sales receipt or other documents that can be used to derive a rebate based on Approach 1.
- **Rental Units:** The District may wish to provide incentives for renters and owners of rental units to discontinue rental service based on a value negotiated by the District.

In order for the rebate program to be applied equitably, water softener owners must be able to convincingly document that they have removed a water softener from their home. It is recommended that documentation be based on receipts and contractor certification. However, other approaches, such as inspections, may need to be used particularly where a receipt or written certification is not available. In addition, the District needs to be able to reliably verify that the SRWS owner has removed the water softener. Of the alternatives evaluated, it is believed that contractor certification is the best option with respect to resources needed and reliability. To allow for special circumstances, home inspections and realtor certification should be available as backup approaches.

To be fair to water softener owners who participated in the current rebate program, the revised program should include provisions for reimbursing these individuals based on the new rebate values. It is recommended that the District contact the recipients and base the reimbursement on the difference between the newly calculated rebate and the current rebate. The newly calculated rebate would be based on the depreciated value at the time that the water softener was taken out of service.

The last key element of the rebate program is the process to be used for removing SRWS from residences participating in the program. Since ease of documentation and verification are important factors in addition to cost, the most promising option for SRWS removal appears to be the use of multiple contractors retained by the District. A back up approach should be available to allow the SRWS owners to remove the SRWS themselves and arrange for disposal with verification or proof of disposal. To prevent fraud and abuse in the revised program, a number of recommendations have been provided based on the experience of other kinds of rebate programs throughout the country.

Introduction

The Santa Clarita Valley Sanitation District (District) owns and operates the Saugus and Valencia Water Reclamation Plants (WRPs), which discharge treated wastewater into the upper reaches of the Santa Clara River in northern Los Angeles County, California. The District is facing significant challenges regarding the concentration of chloride being discharged to the river from the WRPs as part of a Total Maximum Daily Load (TMDL) established by the Los Angeles Regional Water Quality Control Board (Regional Board).¹ Under the TMDL, the District must significantly reduce chloride levels in effluent discharged to the Santa Clara River by the WRPs. The two largest factors that affect chloride concentrations in the WRP effluents are water supply and the loading from residential self-regenerating water softeners (SRWS) (*County Sanitation Districts, Chloride Source Identification/ Reduction, Pollution Prevention and Public Outreach Plan*, November 2005). As one of the steps to achieve compliance, the District Board adopted an ordinance in February 2003 prospectively prohibiting the installation of new SRWS in accordance with the provisions of Health and Safety Code Section 116786(d).² In November 2005, the District also implemented a voluntary rebate program for SRWS to encourage removal or replacement of units installed prior to the 2003 ordinance. If sufficient reductions are not achieved by source control measures, the District faces the possibility of installing very costly advanced treatment to meet the TMDL chloride wasteload allocations.³

On June 13, 2006, the District Board of Directors authorized the Chief Engineer and General Manager to adopt a new incentive program for voluntary removal and/or replacement of SRWS within the agency's service area. This program is intended to be consistent with the provisions for a voluntary program under the terms of Senate Bill (SB) 475⁴, which requires that, prior to the mandatory removal of grandfathered SRWS, owners be compensated for the reasonable value of their softeners, and the reasonable cost of removal and disposal of the softener, "with consideration given to information provided by manufacturers of residential self-regenerating water softeners and providers of water softening or conditioning appliances and services in the district's service area regarding purchase price, useful life, and the cost of installation, removal, and disposal." The District is targeting a removal rate of 100% of the residential SRWS to reduce

¹ Upper Santa Clara River Chloride TMDL; Los Angeles Regional Water Quality Control Board Resolution No. 2004-0004; the effective date of the TMDL was May 4, 2005.

² At the time the ordinance was adopted, Health and Safety Code Section 116786(d) allowed only prospective ordinances limiting the installation of residential SRWS by local agencies, and stated that "[a]ny ordinance adopted pursuant to this section shall be prospective in nature and may not require the removal of residential water softening or conditioning appliances that are installed before the effective date of the ordinance." Prior to the formation of the District in 2005, the Santa Clarita Valley was served by County Sanitation Districts No. 26 and 32, each of which adopted an ordinance in February 2003.

³ See Letter dated June 19, 2006 to Jonathan Bishop, Executive Officer, California Regional Water Quality Control Board, Los Angeles Region, from Victoria O. Conway, Assistant Department Head, Technical Services Department, County Sanitation Districts of Los Angeles County entitled "Comments on May 5, 2006 Staff Report for the Upper Santa Clara River Chloride TMDL Implementation Plan Re-Consideration.

⁴ The bill was passed by the Legislature on August 31, 2006 and was signed into law on September 22, 2006.

chloride loadings to the Santa Clara River and achieve compliance with future chloride wasteload allocations mandated by the TMDL.

This report presents background information and options for implementing a revised rebate program in accordance with the Board's authorization. The report is organized as follows to reflect the key program elements addressed:

- Background on the District's current rebate program, SB 475, and other rebate programs;
- Development of Proposed Program Elements
 - Rebate amounts based on reasonable value and removal and disposal costs;
 - Documentation/verification required to receive a rebate;
 - Reimbursement of previous rebate program participants;
 - Process for SRWS removal;
 - Coordination with the District's public outreach efforts;
 - Preventing fraud/ abuse of the rebate program; and
 - Implementation schedule.
- Recommendations

Background

There are an estimated 6,500 households using SRWS in the District's service area, of which approximately 1,800 are rental units. These values were based on 1) information contained in the District's chloride source control reports, and 2) information provided by the Pacific Water Quality Association (PWQA). Over the past five years, the District has prepared three reports:

- *Santa Clarita Valley Joint Sewerage System Chloride Source Report, October 2002* (2002 Report). This report addressed chloride sources and loadings for 2001.
- *Chloride Source Identification/Reduction, Pollution Prevention, and Public Outreach Plan, November 2005* (2005 Report). This report addressed chloride sources and loadings for 2002 through the first half of 2005.
- *2006 Chloride Source Identification/Reduction, Pollution Prevention, and Public Outreach Plan* (2006 Report). This report addressed chloride sources and loadings from 2005 to June 2006.

Based on the chloride loading for the first half of 2006, the 2006 Report estimated that there were 5,400 residential SRWS still in service. This was lower than the estimated 7,700 units from the 2005 Report for the 2003/2004 time frame. The midpoint of the 5,400 units and 7,700 units was 6,550 units.

In June 2006, Ken Maddox representing the PWQA provided the District with information on the current number of units in the service area. The PWQA believes there are approximately 6,500 residential SRWS in service of which 1,800 are rental units. Of the rental units, 1,000 are provided by Culligan and 800 by Rayne.

In developing the options for a modified rebate program, a number of factors were considered including the current program, the provisions included in SB 475, a review of other rebate programs, and information provided by water softener manufacturers and vendors, each of which is discussed below.

2005 REBATE PROGRAM

The District has introduced legislation, outreach and incentive programs to encourage residents to remove their SRWS. As previously noted, installation of new residential SRWS was prospectively prohibited in the Santa Clarita Valley in 2003.⁵ However, while this program did prevent increased loadings of chloride to the WRPs, it did not result in adequate chloride reductions to the treatment plants. The District then initiated an outreach campaign to encourage residents to remove existing SRWS and introduced a voluntary rebate program as an added incentive in 2005.

⁵ In 1961, the District adopted resolutions that prohibited the connection of laterals or other sewer lines to the sewerage system that included salt brines produced by the regeneration of water softeners. In 1997, the prohibition was limited to only industrial and commercial users based on the outcome of several lawsuits that impacted the ability of local agencies to control residential SRWS.

The 2005 program was modeled after a highly successful pilot program implemented by the Santa Clara Valley Water District (SCVWD) in 2003 to reduce total dissolved solids in recycled water, reduce impacts on local groundwater, and reduce energy consumption.⁶ The SCVWD program offered a \$150 rebate for elimination of an old timer-based, less efficient SRWS and replacement with a suitable alternative. The \$150 rebate amount was chosen by the SCVWD because it seemed to be a reasonable incentive in light of the cost of purchasing new name brand SRWS (e.g., \$350 to \$500 for low end priced units). All of the four hundred rebates available through the program were quickly distributed, and more could have been issued if funding had been available. Based on post-program surveys, the program was well-received by the community, and the program indicated that a \$150 rebate was a sufficient incentive.

The District's 2005 rebate program consists of a \$150 financial incentive for SRWS users that remove their unit and replace it with an acceptable alternative, such as portable exchange tank service or a non-salt water conditioning device. For households with SRWS that choose to no longer condition their water, a \$100 financial incentive is offered simply for removal of the SRWS from the household with no replacement.

To qualify for the rebate, the unit must be a SRWS, the kind to which rock salt or potassium chloride is added. Portable exchange tanks, which are rental units where the softening tank is exchanged periodically by a service provider for a new softening tank, are not eligible. The SRWS must be installed in a residential unit (house, multiplex, condominium, apartment, or mobile home) that is served by the District. Residences outside of the service area or that are served by septic tanks are not eligible. If the residence has more than one SRWS, all must be removed to qualify for this rebate program. The program is limited to one rebate per site address (location where the SRWS is installed).

The program also has requirements for disposal of SRWS units. To qualify for the rebate, the unit must be disposed of by: 1) the municipal trash collector of the residence where the softener is installed (Waste Management/Blue Barrel Disposal, Consolidated Disposal Service, etc.), 2) the installer of a qualified alternative unit, 3) a licensed contractor, or 4) the owner of the unit (if the unit is rented or leased).

As a further condition to qualify for a rebate, the resident must allow a District's representative to visit the residence to verify that the SRWS unit has been removed, and where applicable, an acceptable alternative unit has been installed, prior to payment of the rebate.

As of April 2007, the District had received over 400 rebate applications. The District estimates that its source control efforts have resulted in a reduction in the chloride loads from the residential sector of approximately 15 mg/L (County Sanitation Districts of Los Angeles County, *Chloride Source Identification/Reduction, Pollution Prevention and*

⁶ Pilot Water Softener Replacement Rebate Program, which was funded using \$60,000 in grant money under Proposition 13, the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act.

Public Outreach, November 2005). However, further reductions are needed to comply with the TMDL.

SB 475

To help meet the requirements of the TMDL and to reduce or avoid the need to build advanced treatment facilities, the District essentially must have all of the 6,500 households remove their SRWS. To facilitate this effort, the District worked with Senator George Runner (17th Senate District) to author legislation, SB 475, which was jointly sponsored by the District and the City of Santa Clarita. The bill was enacted in 2006 and is now part of Section 116787 of the Health and Safety Code. The changes to state law provide the District with the authority to require the removal of all residential SRWS installed prior to the 2003 ordinance, provided that the District adopts an ordinance that is subsequently approved in a referendum by a majority vote of the qualified voters prior to taking effect (no sooner than January 1, 2009). The legislation also requires that prior to the effective date of an ordinance that the District implement a voluntary program to compensate residents for the reasonable value and cost of removal and disposal of the SRWS unit. Under the voluntary program, residents are compensated for 100 percent of the reasonable value of the removed appliance. After the ordinance goes into effect, the compensation is reduced to 75 percent. This differential compensation rate is intended to provide an incentive for owners to remove their units before the mandatory removal requirement goes into effect. Compensation is only made available if the owner disposes of the unit and provides written confirmation of the disposal. The legislation also requires the District to consider information provided by manufacturers of residential SRWS and providers of water softening or conditioning appliances and services in the District's service area regarding purchase price, useful life, and the cost of installation, removal, and disposal. For rental units, the legislation allows owners to voluntarily waive the 100 percent or 75 percent compensation and allows them to avoid the disposal requirement if the owner provides written confirmation that the appliance has been removed from a residence in the Santa Clarita Valley for use in a location outside the District's service area. A copy of the amendments to the Health and Safety Code is provided in Attachment A.

OTHER REBATE PROGRAMS

In developing options for the new rebate program, information was collected on programs developed by public utilities and local governments for a range of appliances and household items to determine if there were elements from these programs that might be applicable or that could be utilized. Information on some of these programs is presented in Table 1. Most of the programs provide rebates for the purchase of appliances that are environmentally preferable (i.e., electric lawn mowers, low energy dryers, water conserving washers, etc.). More importantly for the purposes of this project, the rebate amount is linked to the cost of the item being purchased not the value of the item being replaced. Documentation in most cases is a receipt for purchase of the item for which the rebate is offered.

No programs were identified that based rebates on "reasonable" value. However, a lawn mower exchange program was identified that provided vouchers linked to the cost of a new gas mower. For the lawn mower exchanges, the resident must turn in a gas-powered

lawn mower to receive a voucher for an electric mower. In this case, the rebate is linked to value of the gas-powered mowers in that the voucher allows the resident to purchase an electric mower for approximately the same cost as a new gas mower.

While these rebate programs all try to promote environmentally responsible behavior, none seem to be driven by the same level of regulatory need as the District is facing in developing a new rebate program.

Table 1: Rebate Program Review

Agency	Program Name	Products Included	Rebate Amounts	Depreciation	Reasonable Value	Comments
Santa Clara Valley Water District	Pilot Water Softener Rebate Program	Water softeners	\$150	NR	Same rebate provided to all	To determine rebate amt. considered: range of retail prices of water softeners surveyed in research phase; attract the largest number of participants. Recommendations: 1. Determine the cost of the most common product type used and adjust the rebate amount as needed. 2. Inform customers of the cost range for new acceptable water softeners.
Southern California Edison (SCE)	Residential Appliance Recycling Program	Refrigerators and freezers	\$35 to \$50 or 5-pack of CFLs	NR	All same value - appliance must run & cool	How it works: appliance is taken to a recycling center, a check for \$35 (frig) or \$50 (freezer) is sent. Recommend: Send rebate check w/in 10 days of pickup; electronic innovations to ease customer sign-ups via the web or toll-free number; tracking database
Seattle Public Utilities Resource Conservation	Toilet Round-Up Program	Toilets	\$40 voucher given for a new low water toilet when old toilet is turned in	NR	Method not discussed	
Seattle Public Utilities	Wash Wise Program	High efficiency clothes washing machine	The WashWise program offers rebates of \$25 to \$100 for the purchase and installation of qualified energy and water-saving clothes washers. The more energy and water the washer saves, the higher the rebate.	NR	Higher rebate for more energy and water efficient models; nothing given for old units	All SPU programs were audited; Seattle City Auditor Susan Cohen
Inland Empire Utilities Agency (IEUA)	Water Smart, Come Rain or Come Shine	Rebates for qualified products (clothes washers, toilets, swimming pool covers)	Residential: \$50 swimming pool cover; \$50 ULF toilet; \$100 EnergyStar washing machine	NR	Method not discussed	
PG&E	Energy Efficiency Rebates	Clothes washers, dishwashers, water heaters, air conditioners, etc.	PG&E provides a catalog of energy efficient products with rebates ranging from \$30-\$600 depending on the type of product	NR	Nothing given for old unit; rebate only	An application must be filled out in which the customer verifies that they have installed a qualifying product(s) and are aware of the rebate amount as defined in the catalog.
Oregon Department of Environmental Quality for the Portland area	Lawnmower Buyback Program	Lawnmowers	The lawn mower buyback program initially offered area residents a \$40 rebate on the purchase of one of three specified cordless electric mowers, or a \$10 rebate on the purchase of any push mower. The rebate was given when the old, working, gasoline mower was turned in and a sales receipt for the new, electric mower was provided.	NR	Rebates were increased to \$50 and \$15 after low initial participation	
IBM	IBM Asset Recovery	Computers and related hardware	Online instant quotes for IBM and other brand late-model, marketable equipment.	NR	Fixed Price Takeout: set price established each month based on wholesale Fair Market Value.	

NR= not reported

Program Elements

This section of the report provides information on the key program elements that have been considered for a new rebate program. These elements include:

- Rebate amounts
- Documentation
- Reimbursement of previous rebate program participants
- Process for SRWS removal
- Coordination with public outreach program
- Preventing fraud/abuse of program
- Implementation schedule

REBATE AMOUNTS

The most important element of the program is the amount of the rebate to be implemented, and it must be based on what represents a reasonable value for a SRWS for units owned or leased by residents and the reasonable cost of removal and disposal. The following cases for granting a rebate were assessed:

- Removal and disposal of resident owned unit(s);
- Removal of rental units.

Two general categories of approaches to determining alternatives for the rebate amount were developed:

- The specific model approach which uses specific information on SRWS models to derive the rebate (i.e., a rebate based on the purchase price of specific SRWS being removed from a home), and
- The fixed amount approach which uses a fixed amount for SRWS models for the rebate (i.e., a standard rebate value would be assigned based on the brand and model but not necessarily linked to the price paid by the SRWS owner applying for the rebate).

Several options for determining the rebate were identified within each category. The information needed to determine the rebate amount depends on the approach. The specific model approach and one of the fixed amount approaches relies on having information on the purchase price, purchase date, and a method for determining depreciation of the units. The other fixed amount approaches are based on universal default values that do not require knowledge of purchase price, purchase date or a depreciation method.

For the options that require information on purchase price, purchase date, and a depreciation method, several possibilities were identified to obtain this information. Determining purchase price and purchase date is straightforward if the sales receipt is available. For situations where there is no receipt, options for identifying default values are identified. Determining the appropriate depreciation method to use for calculating reasonable value is a key element of identifying the appropriate rebate amount if one of the options that require this information is used. The following sub-sections discuss the depreciation options (Options 1-3) and the options for determining a rebate for the

removal and disposal of an existing, non-rental unit (Approaches 1-4) Finally, possibilities for addressing rental units are discussed.

The possible approaches to determining a rebate value includes the following elements:

1. Select the depreciation method:
 - Fair market value estimate (Option 1)
 - Depreciation rate from available SRWS information using or developing a depreciation calculator (Option 2)
2. Determine useful life
3. Determine the purchase price or value of the SRWS (Approaches 1-4 below):
 - Value based on receipt for specific water softener model (Approach 1)
 - Default value for brand and model (Approach 2)
 - Public opinion of value (Approach 3)
 - Money available for program (Approach 4)
4. Determine a purchase date:
 - Date shown on receipt or date of home purchase if new home
 - Average purchase date based on records for current rebate program
 - Mid-point of time period when SRWS were legal for residents (i.e., January 2000 from period of 1997- March 2003)
5. Determine disposal cost:
 - Default based on average costs from area plumbers
 - SRWS owner receipt
6. Determine other associated costs that may be included in rebate value:
 - Cost of installation
 - Extended warranties and/or protection agreements
 - Taxes
 - Financing costs

These elements are discussed below.

1. Depreciation Method Options

Depreciation can be calculated through standard methods (discussed below) or estimated based on information gathered on the market or resale value of the SRWS.

Depreciation is the accounting recognition of the loss in value of a tangible fixed asset to its use, age or condition. For SRWS it will be almost impossible to make reasonable judgments on the condition of units. Thus, depreciation depends on estimates of the useful life of each asset and its worth upon disposal. In this case since the units owned by residents are being disposed, one can assume there is no salvage value.⁷

There are various depreciation methods that can be applied. The straight-line method assumes that the asset depreciates by an equal percentage of its original value for each year that it is used. Thus, if an asset has a useful life of 10 years, then each year 1/10 of that asset's depreciable value is deducted. The dollar amount of depreciation remains constant from year to year. The declining balance method assumes that the asset

⁷ For rental units removed, the owners of the units may use them in other locales, and hence a salvage value is not applicable.

depreciates more in the earlier years; it is a method of accelerated depreciation. Consequently, the amount of depreciation is higher at the beginning of the useful life, and declines over time. There are different types of declining balance methods such as Sum of the Year and Double Declining Balance. The Sum of the Year depreciates more in the early years than straight-line does, but it is not as accelerated as the Double-Declining Balance method. For income tax depreciation for property, a number of methods are used such as MACRS (Modified Accelerated Cost Recovery System), ACRS (Accelerated Cost Recovery System), or Section 179. Each of these is an accelerated depreciation method set forth by income tax law. The method used depends in part upon the type of property and the year that it was placed in service. Income tax rules are not guided by the accounting concepts that apply to depreciation for financial reporting. The Internal Revenue Service's greatly accelerated depreciation methods do not accurately match costs to revenues.

There are several conventions as to when to apply depreciation regardless of the date the asset was placed in service:

- Full Year: Record a full year's depreciation in the first year and none in the last. This is often used for simplicity.
- Half Year: Record half of one year's depreciation in the first year and half in the last.
- Full month: Depreciation is prorated according to the number of months in service during the year, including the month placed in service.
- Half Month: Depreciation is prorated according to the number of months in service during the year. The month the asset is placed in service is included only if the placed-in-service date falls on or before the 15th.
- Actual days: Depreciation is prorated according to the number of days in service during the year.

Options for determining depreciation are discussed below and are based on identifying the market value of a SRWS of a given age or by estimating that information by determining the depreciation rate and useful life of a SRWS. Option 1 provides a method for directly estimating the market value of a SRWS. Option 2 is based on using established software programs that calculate depreciation with input of purchase price, the depreciation calculation method and useful life as parameters. The depreciation options are summarized in Table 4 at the end of this section. The pros and cons of each of the approaches discussed are also summarized at the end of this section in Table 4.

Option 1. Market Value Estimate

The value of specific models of SRWS can be obtained by information provided by sales receipts and by researching current re-sale advertisements in local classifieds (e.g., craigslist) to determine actual market values for specific models. Confidential information on sales of different models in the Santa Clarita Valley was also provided by manufacturers of SRWS.

Advertisements can provide an indication of a water softeners re-sale value in the service or general area; however, in some cases not all of the necessary information is provided

in the listings (e.g., the year the water softener was manufactured, the specific model, and the original cost). Some common tax deduction software (ItsDeductible by Quicken) uses information from Ebay to determine the fair market value that can be deducted for tax purposes.

Based on initial research of craigslist and Ebay listings, sellers were asking from between 4-42% of the original cost of a unit. An example of information available from craigslist and Ebay is shown in Table 2. As can be seen in Table 2, there is a wide range of asking prices for similar items. Therefore, one can conclude that this may not be the most reliable source for estimates of reasonable value. However, as noted above, it is an approach that is used commercially to estimate fair market value, and thus was included in this assessment for the District to consider.

Table 2: Resale Values for Selected Water Softeners Owned by Rebate Applicants

Brand	Model	Purchase Date Range reported by Rebate Applicants	New Cost	Estimated Resale Value	Source	Area/City	% of Original Cost Recovered	Notes
(Sears) Kenmore	Other or N/R	1977-2002	\$420-800 ¹	\$150	craigslist	San Diego	25%	Model 3482; new in box
				\$25	craigslist	LA area	4%	70 Series
GE	Smartwater	1999-2002	\$650 ¹	\$50	craigslist	LA area	8%	
Rainsoft	--	1988-1999	\$5,000	\$2,100	craigslist		42%	Gold model. Buyer pays to disconnect & move (~\$300)
Kenmore	Ultrasoft	1997-2003	\$650	\$202.50	ebay	Valencia	31%	
Kinetico	60; Quad 51	1980-2002	\$2,600	\$300	craigslist	LA area	12%	
Culligan	Mark 89	1999	\$2,100	\$500	ebay	Southern CA	24%	

¹=Looked these prices up online; all others were listed in actual sales ad

In response to requests made by the District, a number of manufacturers of SRWS provided confidential information on the sales values of different models sold in the Santa Clarita Valley. Because of the confidential nature of the data, the District was only able to provide LWA with a general characterization of the information. The District reported that based on this information provided, prices of SRWS ranged from \$300 to \$3,500 depending on the model sold, with variations in sales prices even for specific models. It appeared that a value of \$3,000 was representative of the cost of high-end units. In looking at low-end units available at Sears and “big box” stores in the area, the District reported that a reasonable cost was \$500. The District is also aware of more expensive models that have been sold in the Santa Clarita Valley for water conditioning and in some cases also include integrated modules that provide for treatment such as activated carbon or reverse osmosis. The manufacturers did not provide confidential sales information on the number and price of units sold in the area, but it is believed that a lower number of these units have been sold in the area.

Option 2. Select Depreciation Rate from available SRWS information and Purchase or Develop Depreciation Software

Depreciation rates are determined based on useful life, initial service or purchase date, and depreciation method. The useful life for a SRWS can be determined as discussed in the next the section, Determination of Useful Life. With this information software can be purchased or developed to determine a reasonable value based on purchase price and depreciation.

There are a number of proprietary software programs available that allow businesses to track their depreciable assets using standard depreciation techniques (as discussed above) that range from simple straight line depreciation calculations to more complex methods. Straight line depreciation is the most popular method because it is easy to apply and intuitive; as previously discussed, the other methods simply allocate the asset cost over the asset’s useful life in different ways. Insurance claims adjustors use software programs that already contain the necessary data to calculate depreciation for water softeners. Depreciation software is readily available for purchase. An Internet search identified several such programs (e.g., Fixed Asset Pro – www.moneysoft.com/fap; Depreciationworks – www.depreciationworks.com) that allow selection of several different depreciation methods. Bassets (www.bassets.net) offer a free download of a depreciation calculator. Inputs include purchase price, installation or service date, recovery period (useful life), depreciation method and property type (personal, real , auto, truck). Similarly, FixedAssetInfo.com provides an online calculator (www.fixedassetinfo.com/calculator.asp). Inputs are property type, placed in service date (purchase date), cost, depreciation method, and depreciable life (useful life). Rebate values calculated using this calculator are shown in Table 3.

Table 3. Rebate values using FixedAssetInfo.com on-line calculator and straight line depreciation

Purchase Price	Installation date	Rebate (10 yr useful life)	Rebate (15 yr useful life)	Rebate (20 yr useful life)
420	1997	21	154	221
420	2000	147	238	284
420	2003	273	322	347
800	1997	40	293	420
800	2000	280	453	540
800	2003	520	613	660
1000	1997	50	367	525
1000	2000	350	567	675
1000	2003	650	767	825
5000	1997	250	1833	2625
5000	2000	1750	2833	3375
5000	2003	3250	3833	4125
Median rebate value		\$277	\$510	\$600

As an alternative, the necessary data (i.e., price, purchase date, useful life and depreciation calculation method) could be gathered from manufacturers and a software program (or simple spreadsheet) could be developed for use under this program.

Table 4: Depreciation Options

Depreciation Option	Pros	Cons
Option 1. Market Value Estimate	<p>Information readily available</p> <p>Represents the amount consumer would actually receive in the market place</p>	<p>Range of recovered cost varies widely</p> <p>Difficult to obtain information for every model</p> <p>Ebay and craigslist values may not be reliable or value may be inflated or underestimated.</p> <p>Not all information is always available in ad</p>
Option 2. Determine Depreciation Rates Based on Available SRWS Information Using Available or Developed Software	<p>Easily defensible method because of its standard use for businesses and insurance claims adjustments</p> <p>Depreciation programs are available for nominal cost (\$300-\$500 –examples include www.moneysoft.com/fap; www.depreciationworks.com) or as free downloads (as an example, www.bassets.com)</p> <p>Depreciation method is clearly identified in calculations</p> <p>Likely to have high level of public acceptability</p>	<p>SRWS specific information may be difficult to obtain</p> <p>If method in depreciation calculators cannot be easily explained to the public, may be seen as unfair (e.g., black boxes)</p>

The depreciation options are summarized in Table 4. Using fair market value to determine depreciation has limitations because it would be difficult to obtain the needed data for all brands and models of water softeners. The recommended approach to determining depreciation is to use a standard calculation method or software based on straight line depreciation where the calculation requires purchase price (or a default value if purchase data are not available), purchase date or age, and useful life as inputs. Useful life will be determined based on the information discussed below.

2. Determination of Useful Life

SRWS manufacturers were contacted and industry and consumer references were searched to obtain information regarding the useful life of SRWS. The results of this information gathering showed a range of values for the useful life of SRWS as discussed below.

The manufacturers contacted were selected based on the top models owned by residents in the District's service area as reported during the existing rebate program. As indicated in Table 5 these units included Sears/Kenmore, Culligan, Rayne, GE, and Kinetico. When manufacturers were contacted, the caller posed as a potential customer researching warranties and the lifespan of various SRWS and not as a representative of the District. Additionally, because the type of information sought was not considered to be dependent on the geographical area, manufacturers were contacted using the toll free number provided, or in the case of Culligan, a dealer in the Sacramento, CA area was contacted. The information gathered from manufacturers is presented in Table 5. As shown, all manufacturers provide different warranties for the various parts of a SRWS. For example, the overall appliance, moving parts and electronics have a short warranty period and the brine and resin tanks (which is the part expected to last the longest), have warranties ranging from 10 years to the life of the softener. Rayne was the only manufacturer that mentioned shorter warranty periods for less expensive models. Manufacturers reported values between 10-30 years when asked about the life expectancy of their SRWS. Sears/Kenmore models have the shortest estimated lifespan (10-15), followed by GE (20), Culligan (20-25), and Rayne (20-30). Kinetico sells a non-electric model that the manufacturer claims has an unlimited useful life. It should be noted that these estimates by sales representatives are likely to have some inherent bias inasmuch as the point is to convince consumers to purchase a SRWS because it will have a long useful life. We have no knowledge of documentation/research to support these claims. These limitations in the information obtained from manufacturers should be considered when choosing a representative useful life for a SRWS in deriving rebates.

Information in the literature was evaluated with regard to the life expectancy for SRWS. Only a few references were located that provided this information. The National Association of Home Builders (NAHB) was the only trade organization that was identified that has gathered information on the useful life of water softeners. NAHB completed a report in 1998 (*Housing Facts, Figures, and Trends*), which included the life expectancy and replacement costs of home appliances and major mechanical systems. NAHB reported a lifespan of 20 years and a replacement cost of \$1,000-\$1,500 for residential water softeners. It should be noted that this is not a peer reviewed document. Nor is it known how the information on SRWS was collected for the report. An online source, Demesne, which is an information-only website dedicated to collecting information about topics that concern homeowners, also reported a useful life of 20 years for residential water softeners. Again, the source for this estimate was not documented. Appliance related trade journals reviewed did not include water softeners and no information could be found in Consumer Reports or Consumers Digest.

Two reports that have been peer reviewed by the Water Quality Association were identified that included service life values for SRWS. The first report entitled *Characterizing and Managing Salinity Loadings in Reclaimed Water Systems* was a tailored collaboration research project jointly sponsored by the American Water Works Association Research Foundation and the WaterReuse Research Foundation, and published in 2006. In the economic model used for this project, the usable life for new water softeners and the construction associated with modifying water softening piping to hot water was set at 10 years (*see* page 115 of the report). The second report entitled *Salinity Management Study Final Report*, was sponsored by the Metropolitan Water District of Southern California and the U.S. Bureau of Reclamation and published in June 1999. The report used an estimated life of 10 years for SRWS units (*see* Technical Appendix, page 6-14).

Another source evaluated was information on construction cost estimating and appraisal companies. For example, an article found in Kiplinger's Personal Finance Magazine (July 1999) provided the trade-offs between the installed price and life expectancy for major components of a typical 2,200-square-foot, two-story house (unfortunately this did not include water treatment or softening systems). The estimates provided were from Marshall & Swift, a construction-cost estimating company that provides replacement-cost data to insurance companies.

This approach of using appraisal companies has been utilized by several institutions including hospitals and universities to assist in the determination of useful life. For example, useful life information for water softeners was found in the Virginia Property Insurance Association Building Depreciation Guidelines ([www.vpia.com/Claims/Depreciation Table.pdf](http://www.vpia.com/Claims/Depreciation%20Table.pdf)) and the New York State Office of Mental Health Guidelines for Depreciation and Amortization (www.omh.state.ny.us/omhweb/cbr/HTML/3905_AppendixO.htm). The Virginia guide assigns a useful life of 15 years to water softeners. The New York State guide assigns a useful life of 10 years for depreciation purposes. Similar documents for California were not identified through this initial Internet search. Information gathered on useful life of water softeners is shown in Table 6.

Table 5. Summary of Manufacturer Warranty and Useful Life Information

Manufacturer	Model(s)	Warranty (years)			Useful Life (years)	Comments	Contact
		Resin Tank	Brine Tank	Moving Parts/ Electronics			
Sears	All	10-15	Not specified	1	10-15 but depends on maintenance/care	Can purchase extended warranties 3-yr \$139.99; 5-yr \$209.99 Will haul away old model for \$10 if being replace w/ a new model Installation \$129.99 if replacing; \$180 new	www.kenmorewater.com 1-800-426-9345
Culligan	Gold Series	Lifetime	10	5	20-25		1-800-Culligan CA dealer (530) 662-0295
Rayne	RF 1000/1500 Series (mid-range model)	Lifetime	Not specified	5 1 for less expensive models	20-30; some parts such as o-rings may need to be replaced after 10-15 years	Water softeners have become much stronger/reliable in the last 15 years	1-800-680-4340 (Brian)
GE	Models currently on web-site*	10	10	2*	20 years	One year parts and labor warranty for entire appliance	1-800-626-2224
Kinetico	Non-electric model	10	10	7	Kinetico claims their non-electric softeners have an almost unlimited life expectancy	"Lifetime" warranties are typically limited to the first purchaser and only cover manufacturer's defects. Expensive electronics that operate the whole system are usually only covered a few years	http://www.kineticonm.com/

*some models offer a 3-year warranty on moving parts

Table 6. Useful Life Estimates for Water Softeners

Source	Useful Life (years)	Reference
Virginia Property Insurance Association Building Depreciation Guidelines	15	www.vpia.com/Claims/ Depreciation Table.pdf)
New York State Office of Mental Health Guidelines for Depreciation and Amortization	10	www.omh.state.ny.us/omhweb/cbr/HTML/3905_AppendixO.htm
National Association of Home Building	20 Replacement cost \$1,000-\$1,500	NAHB 1998 Housing Facts, Figures and Trends
Demesne (an information-only website dedicated to collecting information about topics that concern homeowners)	20	http://www.demesne.info/company.htm Source Updaterenovate.com
American Water Works Association Research Foundation	10	AWWARF, 2006 Characterizing and Managing Salinity Loadings in Reclaimed Water Systems. Prepared by CH2M Hill, Baker Environmental, Narasimhan Consulting Services, Inc., and McGuire Environmental Consultants, Inc. for AWWARF and the WaterReuse Foundation.
Metropolitan Water Districts of Southern California; United States Department of the Interior	10	MWD & US Dept. of Interior, 1999. Salinity Management Study. Prepared by Bookman-Edmonston Engineering, Inc. June 1999.

Thus, the information collected includes opinions of manufacturers, information in the literature (some without source documentation), and appraisal estimates. No specific research has been found that has addressed this question. In light of the quality of information that is available, it is recommended to use all of the estimates collected and derive a mid-point value for the useful life that would be used in depreciation calculations for deriving a rebate. Weighting the two Southern California study estimates for useful life more heavily than the other estimates, a reasonable value for the useful life of water softeners is estimated to be 12 years.

3. Determine the Purchase Price or Value of an Existing Unit

The purchase price provides the basis for determining the basic rebate amount for the program.

Four possible approaches were identified for determining purchase price. Approach 1 is based on the specific model being removed and a determination of the fair market price for the existing automatic water softener and reimbursement for the reasonable cost of removal and disposal. Approaches 2, 3, and 4 are each differing ways of determining a fixed amount for the rebate. Approaches 1 and 2 require some consideration of purchase price, purchase date and depreciation, but Approaches 3 and 4 do not. Therefore, Approaches 1 and 2 also include default values that can be used if purchase price and purchase date information are not available. Additionally, for Approaches 1 and 2, a method of depreciation and the useful life must be selected. These approaches are discussed below and the pros and cons of each approach are summarized in Table 7.

Approach 1. Specific Model Approach

For Approach 1, the value of the rebate would be based on the on the actual purchase price of the specific SRWS model being removed from the home. The owner of the SRWS (or the company that sold the unit) would need to provide information on the purchase price and purchase date of the unit and District staff would use the chosen depreciation method to calculate the value of the rebate. Determination of the other factors needed to calculate the rebate are discussed in other sections including purchase date, depreciation method, and removal and disposal costs.

If the owner (or company) could not provide verification of the purchase price of the unit, a default value for the purchase price would need to be developed. The default purchase price could be calculated in one of the following ways:

- For each model (or category of models or brand of softener), a default purchase price could be determined based on the average or representative purchase price as reported by SRWS manufacturers, information collected by District staff on the types of units sold in the area, or by the receipts turned in for the original rebate program.
- One of Approaches 2, 3 or 4 could be used as the default value for this approach.

The purchase price would be entered into the depreciation calculation along with the other parameters to generate a rebate amount. One issue that may arise with this approach is if there should be a maximum value for the rebate (e.g., a cap). Because the rebate is based on reasonable value, it could be argued that some purchase prices are too high and, therefore, not reasonable. If this were the case then, the default value based on the brand and model as discussed in Approach 2 could be used as the value for the rebate. For example, if \$3,000 were to be deemed representative of the price of high-end units sold in the area, this value could be used as a cap in deriving a maximum rebate. However, in recognition that some residents may have purchased more elaborate and expensive units that provide for conditioning and treatment, the District could offer a case-by-case appeal mechanism to provide a rebate above the cap for a resident who has documentation for the unit.

There will also be residents who do not have specific information on the units they purchased and a default rebate will need to be provided in those cases. This value can be derived using Approach 2.

Approach 2. Determine Fixed Value based on the Most Common Product Type Used

Under this approach, the rebate amount would be established for a selected set of SRWS model(s) most Santa Clarita residents currently own, rather than for each model type. For this approach, a default purchase price would be determined independent of the purchase price paid by the SRWS owner and adjusted using a depreciation method chosen to calculate the default rebate value. The purchase date would be based on SRWS owner documentation or based on a default value determined in the same way as described for Approach 1.

The following alternatives could be used to determine the default purchase price.

- Use one fixed default value for all rebates. At the very least, this value would be used as a minimum rebate and also as the rebate when there is not enough documentation available to determine age and purchase price.
- Base the rebate value on the brand, resulting in one rebate value, for example, for Kenmore models and a higher rebate value for Culligan models.
- Establish a low-end default value and a high-end default value for each brand to account for the range of models offered by each manufacturer.

Records compiled from the current rebate program, information provided by SRWS manufacturers and information collected by the District on sales at “big box” stores provide some insight as to typical purchase prices that could be used to determine the default values. As previously noted, prices of SRWS sold in the Santa Clarita Valley range from \$300 to \$3,500 depending on the model sold, with variations in sales prices even for specific models. A value of \$3,000 was representative of the cost of high-end units and a value of \$500 was representative of low-end units available at “big box” stores in the area, and either value could be used as the basis for setting a default rebate. However, under this program, to conform to the “reasonable” value provisions of the law, the District may wish to allow for case-by-case appeals of default values where a resident has a sales receipt or other documents that can be used to derive a rebate based on Approach 1.

Approach 3. Base the Rebate Amount on what the Public Considers to be a Reasonable Value

Under this approach, the rebate values could be selected based on public input and would not have to consider depreciation. For example at the July 26, 2006 focus group meetings convened by the District, the majority of participants indicated they would be satisfied with a buyback/rebate amount of \$1,000. One difficulty with this approach is determining what constitutes an unbiased sample to collect the information. It may also be difficult to justify that this is a valid method of determining what constitutes a reasonable value since it would be based on opinion. In addition, there may be little confidence from the public in a rebate derived in this manner and thus may be subject to challenge by residents or the water conditioning industry. In the case of the suggestion from the focus groups, for example, it is possible that the \$1,000 may not satisfy enough SRWS owners considering the wide range of purchase prices reported.

Approach 4. Consider the Amount of Money Available for the Program

Under this approach, the fixed buyback amount could be based on the total funds available and the number of water softener owners in the service area. The SCVWD used this approach in setting a preliminary rebate amount of \$300; however, the agency adjusted the rebate amount to \$150, to allow more consumers to participate. This alternative was included in this report because it had been previously utilized for a rebate program. However, it does not meet the test of deriving a rebate based on “reasonable value,” and thus should not be considered further.

Table 7: Pros and Cons of Approaches to Determining the Rebate Value

Rebate Option	Pros	Cons
Approach 1. Specific Model Approach	<p>Most direct measurement link to the actual value of the water softener since it is based on purchase price</p> <p>Can apply depreciation methods shown above</p> <p>Difficult to challenge since based on real purchase price</p>	<p>May be time intensive to collect and review information</p> <p>Default values may be difficult to determine in a way that is perceived as fair for SRWS owners without documentation.</p> <p>Potential for a purchase price to be unreasonably high making the rebate seem unfair to other SRWS owners</p>
Approach 2. Cost of Most Common Product or Products	<p>Current price information available from retailers and/or manufacturers</p> <p>Can apply depreciation methods shown above</p> <p>Allows for appeal (use of Approach 1) if documents are available</p>	<p>Default values may be difficult to determine in a way that is perceived as fair</p> <p>May not seem fair to consumers who own a more expensive SRWS</p> <p>May be challenged</p>
Approach 3. Public Input	<p>Focus group input and previous surveys provide good indication of what is considered an adequate incentive</p>	<p>May be difficult to justify as linked to reasonable value and may be considered inconsistent with SB 475</p> <p>May seem unfair to owners of more expensive units</p> <p>May be challenged</p>
Approach 4. Program Money Available	Does not meet the test of SB 475 – do not consider further	

Rebate value for Rental Units

For rental units, there are two parties that must be considered when discussing a possible rebate: the person who rents the unit and the company that owns the unit. For those residents that rent their SRWS, the approaches discussed above would not be applicable

since they do not own the unit. However, as a separate program, the District may wish to provide some kind of monetary incentive for renters to remove their water softeners. Since this incentive need not be based on “reasonable” value, it could be an amount determined by District’s management. For owners of the rental units when the units are properly disposed of, the rebates would be derived using one of the approaches described above. If the owner elects to waive compensation per the terms of SB 475 (e.g., the owner gets to re-use the unit elsewhere and documentation is provided that the unit has been removed), the District may wish to provide an incentive for this removal to occur more rapidly. This incentive would be negotiated with the District.

4. Determine a Purchase Date

Purchase date would be determined based on the date on a receipt or based on the date a newly built home was purchased if the SRWS came new with the home. If the SRWS owner does not have adequate documentation, then a default purchase date can be determined as follows:

- The default purchase date could be based on the average purchase date of the water softeners for which rebates have been provided under the original rebate program. Based on the documentation provided for the current rebate program, the average purchase date is 1997. Technically, it was illegal to install water softeners between 1961 and 1997.⁸ An average installation date of 1997 would be inconsistent with this time frame. However, as is evident from the reported installation dates, water softeners were being installed during this period. Figure 1 shows reported installation dates for rebate applications processed through July 2006. While most of the water softeners were installed between 1997 and March 2003, there were several reportedly installed before that time.

⁸ In 1961, the District adopted resolutions that prohibited the connection of laterals or other sewer lines to the sewerage system that included salt brines produced by the regeneration of water softeners. In 1997, the prohibition was limited to only industrial and commercial users based on the outcome of several lawsuits that impacted the ability of local agencies to control residential SRWS. After changes to the law, in February 2003 the District adopted an ordinance prospectively prohibiting the installation of new SRWS in accordance with the provisions of Health and Safety Code Section 116786(d)

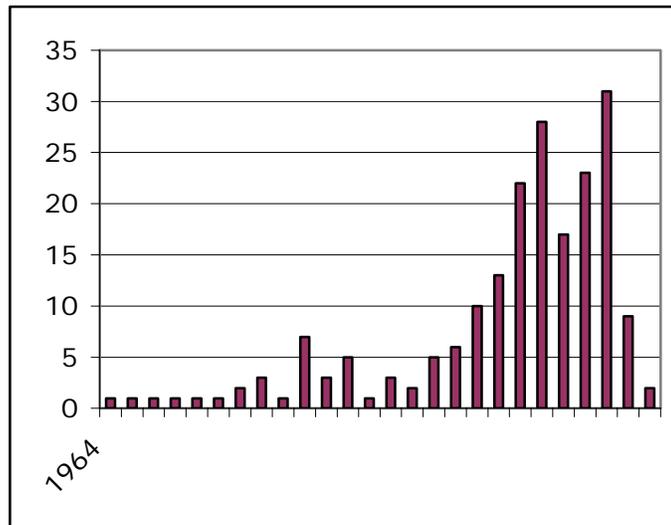


Figure 1. SRWS Installation Dates Reported for Current Rebate Program

- The default purchase date could be determined as the mid-point of the time period during which purchase of SRWS was permitted (i.e., 1997 to March 2003) or January, 2000.
- The default purchase date could be set at 2003, the last year before the enactment of the District’s ordinance prohibiting the installation of SRWS units at residences, and thereby providing the most generous age for a unit on which to base compensation.
- If the installation date cannot be determined, then the program default value for deriving a rebate would be used (Approach 2).

5. Determine Disposal Cost

As discussed in more detail below, under “Process for SRWS Removal,” approaches for SRWS removal could include the District working directly with area plumbers to arrange for removal or for the homeowner to arrange for removal. If the homeowner personally removes the unit, then the rebate would include the disposal cost or a separate reimbursement amount could be provided to the homeowner. The homeowner could either provide a receipt for reimbursement or the District could set a standard reimbursement amount for removal. Several area plumbers that serve the Santa Clarita Valley were contacted in an effort to obtain information on actual removal and disposal costs. The information gathered from plumbers is summarized in Table 8. It is recommended that the District arrange for disposal directly with plumbers as discussed further in the section below, “Process for SRWS Removal.” Under this scenario, the disposal cost would not be directly included in the rebate but there would be no cost to the SRWS owner.

Table 8: Cost Estimates from Area Plumbers

Business Name; Area	Estimated Cost Per Removal	Provide Disposal?	Total estimated removal cost
Clear Water Plumbing; Valencia	\$70/hour (most should only take an hour); would offer volume discount	Yes, \$20	\$90
Reckon & Reckon; Valencia	\$185 per removal; would offer an average price if doing multiple removals	Yes, only dumpster disposal available	\$185
Brock Plumbing; Valencia	\$100-200 per removal; would provide volume discount	Yes; \$30 has a disposal site and a recycler	\$130-230
Giordano Plumbing Co.; Santa Clarita	\$210-350 per removal	No	\$210 - 350

6. Determine Other Associated Costs

Other costs associated with SRWS purchase and ownership that could be considered as part of the rebate include:

- Installation costs
- Warranties
- Taxes
- Financing

How these costs might factor into a rebate value determination is discussed below.

Installation

Installation of the SRWS may be included in the purchase price, arranged for separately by the vendor, arranged for the by SRWS owner with a plumber, or installed by the SRWS owner themselves. For example, a call to Sears indicated that they currently provide installation at a cost of \$129.99 if the new unit is replacing an old unit and \$180 for a new installation. A call to Culligan indicated that installation is included in the purchase price.

Since installation cost is not part of the capital cost of the SRWS and plumbing modifications may be utilized for other equipment, it is recommended that this cost not be included in the rebate.

Extended Warranties/Protection Agreements

Extended warranties and protection agreements are often available with the purchase of a new water softener for an additional cost. In an effort to evaluate how these agreements work, the programs offered by Kenmore and Home Depot (GE products) were reviewed. Kenmore offers current 3-year and 5-year protection agreements at a cost of \$140 and

\$210, respectively. The contract can be canceled within the first 60 days for a full refund. If a customer wishes to cancel the agreement after the first 60 days a full refund is available for up to a year if no service is performed during the first year, if service has been performed the refund is prorated based on the cost of the service. Home Depot offers 2-year and 4-year service plans that have varying costs depending on the purchase price. Based on the cost of the water softeners carried by Home Depot the current 2-year service plan cost is \$60-\$100 and the 4-year plan cost is \$140-\$170. The agreement can be canceled for a full refund within the first 90 days. Cancellation after 90 days is possible and a refund of 90% of the unearned pro rata purchase price of the contract, minus a \$15 cancellation fee and the cost of any services and/or repairs.

Based on the duration of these service agreements (2-5 years) it seems unlikely that water softeners currently owned would have more than one year of coverage remaining. For those customers with remaining service agreements it may be possible to cancel the agreement with the company for a partial refund. Because of the low remaining value and possible cancellation refunds, it is recommended that service agreements not be incorporated into the rebate value.

Taxes

Sales tax is arguably an unavoidable part of the purchase price and it is recommended that this should be included in the purchase price. If the receipt is available, sales tax determination is straightforward. Otherwise a standard value for Santa Clarita can be applied.

Financing

Financing is up to the SRWS owner and is not necessarily a typical cost. It is recommended that financing not be considered in the rebate value determination

Summary of Rebate Value Determination

A summary of the elements comprising rebate value determination for Approaches 1, 2 and 3 for determining rebate values is shown in Table 9.

Table 9. Rebate Value Determination

	Approach 1	Approach 2	Approach 3
Basis	Specific model owned by resident	Default based on brand and model	Public Opinion
Depreciation Method	Straight line	Straight line	N/A
Useful Life	12 years	12 years	N/A
Purchase Price	Customer receipt or Vendor records Establish cap with appeal procedure If no receipt, use Approach 2	1. Average or representative price for given brand (s) and model(s) sold in Santa Clarita OR 2. Hi-end or lo-end representative value 3. Average of all water softeners	N/A

	Approach 1	Approach 2	Approach 3
		<p>Establish maximum default cap w/ an appeal procedure</p> <p>Allow for an appeal and use of Approach 1 if customer receipts available</p>	
Purchase Date	<p>Customer receipt</p> <p>If no receipt</p> <ol style="list-style-type: none"> 1. Mid-point of 1997-March 2003 2. Average age reported during current rebate program 3. Estimate of when unit was installed using property records and/or the date the residence was constructed. 4. Ask resident if the unit was in the home when they moved in or if they installed the SRWS. 5. Use 2003 as default 	Same as Approach 1	N/A
Rebate Value Determination	Input purchase price, purchase date, useful life and depreciation method into calculation software or worksheet	Same as Approach 1	\$1,000 or value based on public opinion survey of SRWS owners
Disposal Cost	<p>Disposal arranged for by District and cost negotiated by District with area plumbers.</p> <p>SRWS owner can remove and arrange for disposal with reimbursement based on actual cost or a standard cost set by the District</p>	Same as Approach 1	N/A
Other Associated Costs	<p>Taxes included in purchase price</p> <p>Installation, warranties and financing not included in Rebate</p>	Same as Approach 1	N/A

Based on the three approaches presented above, Approaches 1 and 2 appear to be the most promising, while Approach 3 has a number of drawbacks and would be difficult to justify. Thus, the District may wish to consider:

- Approach 1 – establish individual rebates based on sales receipts with straight line depreciation based on a useful life 12 years and no salvage value. If receipts are not available, establish a default value and default time of ownership where and straight line depreciation based on a useful life 12 years and no salvage value (see Approach 2). If documentation is not available on when a unit was purchased, it is recommended that default time of ownership be based on a purchase date of 2003 representing the last year when it was legal to install residential SRWS or to use the default rebate value per Approach 2. In recognition that some residents may have purchased very expensive units, the District may wish to establish a maximum default cap w/ an appeal procedure. The cost of removal and disposal should be added to the depreciated value to derive the rebate unless the District provides for separate reimbursement of removal and disposal services.
- Approach 2 – establish default rebates using the cost for a selected set of SRWS model(s) most Santa Clarita residents currently own and straight line depreciation based on a useful life of 12 years and no salvage value. It is recommended that the default time of ownership be based on a purchase date of March 2003, the last month before the enactment of the District’s ordinance prohibiting the installation of residential SRWS or January 2000 representing the mid-point of the time period when it was legal to install residential SRWS. The District may wish to establish a maximum default cap w/ an appeal procedure. This alternative should also include an appeal procedure if a resident has a sales receipt or other documents that can be used to derive a rebate based on Approach 1. The cost of removal and disposal should be added to the depreciated value to derive the rebate unless the District provides for separate reimbursement of removal and disposal services.
- Rental Units – the District may wish to provide incentives for owners of rental units or users of rental units to remove units at a rate to be determined by the District.

DOCUMENTATION

In order for the rebate program to be applied equitably, water softener owners must be able to convincingly document that they have removed a water softener from their home. Documentation will be used to make sure that rebates are provided to any District customer who has disposed of a water softener, to make sure that duplicate rebates are not provided for the same water softener, and that rebates are not provided to non-District customers. Table 10 presents options for documenting rebate program eligibility and for verifying that the SRWS has been removed.

Among the issues that may arise with respect to documentation, owners may no longer have the sales receipt for their SRWS. Because the objective of the program is to remove all residential automatic water softeners from the service area, all residential water softeners installed prior to March 27, 2003 (the effective date of the ordinance

prohibiting installation) should be eligible for the rebate program if they are connected to the District’s sewerage system. If documentation shows that the SRWS was installed after March 27, 2003, then the owner is not eligible for a rebate but must still remove the water softener. If no documentation of age and value is available, the water softener owner could be offered a default value. Determining a default value was discussed above under rebate amounts.

Another issue that may arise is determining who can provide reliable verification of SRWS removal. Contractors who are approved by the District should be able to provide reliable verification. There may be situations where another individual may be more appropriate. For example, if a resident is moving out of the service area and removing the SRWS to take it with them, a real estate agent may be the more appropriate individual to provide verification. However, it is not known whether realtors are willing to assist in the implementation of this program.

Table 10: Documentation Options

Documentation Option	Pros	Cons
District Customer		
Address where SRWS is located on application form	Simple for resident Simple for District to verify that resident is a customer using Service Charge database	None
Verification of SRWS Removal		
Contractor receipt/certification	Provides independent verification Contractors will have been contacted and educated about the program with respect to removing and disposing of the SRWS Adding a verification process should be a straightforward add-on	District would need to develop a list of certified contractors and develop a certification form This could require significant staff time to develop and administer May not be applicable to all situations
Home inspection	Direct observation of evidence that an SRWS has been removed Conduct random inspections to address potential fraud or abuse of program	Resource intensive for District staff or contractor
Realtor certification	A good alternative to a contractor in the case where an SRWS is being removed during transfer of home	Limited applicability Realtors would only be appropriate under special circumstances Some realtors may not want to participate

Documentation Option	Pros	Cons
Landfill, Blue Barrel Disposal/Waste Management, Consolidated Disposal Service receipt	Provides independent verification Alternative to using a contractor District may be able to receive verification directly from Blue Barrel Disposal / Waste Management and Consolidated Disposal Service	May require an extra step for SRWS owner arranging separately for removal and disposal Potential for theft of items awaiting pickup Will not provide specifics on make/model Requires additional work from trash hauler An extra fee is associated with pickup by Blue Barrel Disposal/ Waste Management or Consolidated Disposal Service for the unincorporated areas of Los Angeles County
Brand & Model		
Sales receipt	Also provides purchase price and year	Would need separate proof of removal
Photo of water softener	Easily obtained by SRWS owner	May be difficult to confirm location of water softener May not be fraud proof Would still need other confirmation of removal, etc.
Removal/ disposal receipt	Most direct confirmation that a SRWS was removed Alternative to sales receipt	Verification from trash collector will not indicate make/model
Age & Purchase Price		
Sales receipt	Most direct proof of these items	SRWS owner may no longer have receipt
Vendor purchase records	Direct documentation Possible alternative for SRWS owners that have lost receipt	Vendors may not be willing or able to supply this information, particularly for older units
Home purchase documents	Alternative if SRWS came with house	Price may not be readily available in these documents, and some documents may not specifically include the softener
Rental Units		
Vendor receipt/ certification of termination of	Simple for SRWS owner to obtain	May require some cooperation/ coordination with vendor

Documentation Option	Pros	Cons
service		

In conclusion, the most promising documentation would be based on receipts and contractor certification. However, other approaches may need to be used particularly where a receipt or written certification is not available. The recommended alternative to written documentation would be a home inspection. The District currently conducts home inspections as part of the current program and this could be expanded not only as a documentation approach but also as an approach to preventing fraud or abuse of the program. A limitation of a home inspection is that the SRWS owner would still need documentation that an SRWS had been in the home at one time.

Contractor certification is the best option with respect to resources needed and reliability. To allow for special circumstances including removal by homeowner and removal during sale of home, home inspections and realtor certification should be available as backup approaches.

REIMBURSEMENT OF PREVIOUS REBATE PROGRAM PARTICIPANTS

To be fair to water softener owners who participated in the initial rebate program and to build trust and maintain good community relations, the revised program should include provisions for reimbursing these individuals based on the new rebate values. In addition to fairness, reimbursement of previous rebate participants provides an opportunity to recognize their willingness to remove their water softener early on and support the District

Approaches to contacting and reimbursing rebate recipients are presented in Table 11.

Table 11: Original Rebate Recipients Reimbursement Options

Reimbursement Option	Pros	Cons
<p>Contact all recipients telling them they are eligible for an additional rebate</p> <p>A revised rebate would be determined based on the chosen rebate approach</p> <p>The reimbursement would be the difference between the revised rebate and the current rebate provided</p> <p>Information would be provided on how to obtain the additional rebate</p>	<p>Ensures reaching all original rebate recipients using readily available information</p> <p>Less chance of requests for additional rebates from people who are not eligible</p> <p>Easily implemented by letter since the District has addresses for all participants.</p>	None
<p>Include in outreach campaign that people who obtained rebates in the</p>	<p>Simple addition to public outreach effort</p>	<p>May not reach all previous recipients May be confusion</p>

Reimbursement Option	Pros	Cons
original program are eligible for a supplemental rebate Information on how to apply would be provided		on who is eligible May dilute outreach message

In conclusion, the most promising reimbursement option for SRWS owners who participated in the current rebate program is to contact the recipients and base the reimbursement on the difference between the newly calculated rebate and the current rebate. The newly calculated rebate would be based on the depreciated value of the water softener at the time it was taken out of service. Issues associated with lack of receipts, unknown makes and models, and the need to generate default rebate values will also need to be included in the determination of rebates for this group. This option would not be available for rebates provided under the 2005 program for cancellation of rental units.

PROCESS FOR SRWS REMOVAL

The last key element of the rebate program is the process to be used for removing SRWS from residences participating in the program. A number of possible options have been identified as discussed below and summarized in Table 12. In developing the options, several area plumbers that serve the Santa Clarita Valley were contacted in an effort to obtain information on actual removal and disposal costs, willingness to participate in the identified scenarios, ability to provide required documentation, and availability to work nights and weekends. The information gathered from plumbers is summarized in Table 13.

Additionally, a few plumbers and manufacturers were questioned about any difficulties that may be related to disconnecting a water softener that is part of a combination system that may include other water treatment devices (e.g., household filtration system, reverse osmosis). Removal of water softeners from these combination systems was not seen as a problem or significant additional cost. The water softener component is simply removed from the unit and the remaining parts of the system are re-connected as illustrated in Figure 2. For the systems researched, each component of a combination is purchased separately and does not rely on other parts of the system to function.

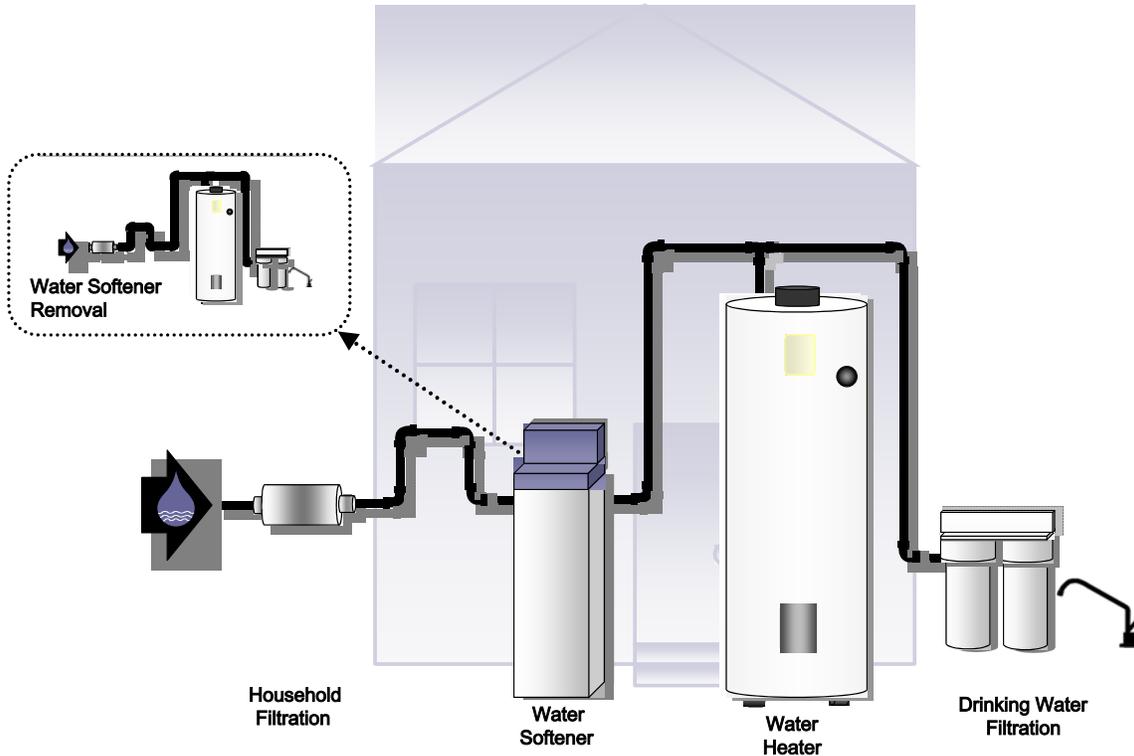


Figure 2. Combination Systems

SRWS Owner Performs Removal

Under this alternative, the SRWS owner unhooks and disposes of the water softener. This would require a verification process that could include inspection by District staff or contractors, the development of detailed verification documentation (e.g., photos, documentation from the waste hauler or location where the softener was disposed). One approach for documentation would be to model it after waste manifests. Under owner removal option, the owner could be reimbursed for the removal. Since under SB 475 this is based on “reasonable” cost, different alternatives could apply. The District could reimburse the homeowner for the cost based on receipts or based on some fixed amount. If the District provides free removal and disposal for residents using pre-selected contractors (see below), the District can offer a pre-determined amount for supplies or for residents that insist on a specific plumber that is not a designated District contractor, for example \$25 to \$50.

SRWS Owner Arranges for Removal

The SRWS owner identifies a plumber to remove the water softener. As with the previous option, a process of verification would need to be incorporated. This could include inspections performed by District staff or contractors, or the development of detailed verification documents to be completed by the customer, contractor, and waste hauler (if applicable). One approach would be to model this after waste manifests.

District Contractor(s)

Through a professional services selection process, a single contractor could be retained by the District to perform and verify removal for all water softener owners applying for the rebate program. Based on phone calls made to area plumbers, all plumbers contacted were interested in this type of arrangement and would be able to provide disconnection service at a discount if they were identified to perform multiple removals.

Through a professional services selection process, a list of recommended contractors could be retained by the District to perform and verify removal of water softeners. This alternative could be handled in several ways. For example, this list could be made available to the SRWS owner as part of the rebate application process; in order to receive the rebate, the removal and disposal would have to be performed by one of the recommended contractors with information reported back to the District. This approach would allow the resident to have a choice in which plumber enters their home. In addition, the District would not be endorsing plumbers nor requiring residents to use a specific plumber in order to qualify for rebates. However, plumbers may complain that this results in inequity related to distribution of work. Another alternative is for the District to assign contractors on the list to remove and dispose of the units when a resident applies for a rebate. This may help ensure that work is evenly distributed among the available contractors but would create an extra workload for District's staff. In addition, if the assigned plumber is not available to perform the work within the resident's schedule the District may have to assign another plumber. Furthermore, if the resident has a complaint with the plumber, the resident most likely will ask the District to intervene since the District specified the plumber that they had to use.

Table 12: Summary of Removal Options

Removal Option	Pros	Cons
Owner removes	Flexibility for owner	Verification may be difficult; added cost if inspections required (if allowed) Will need to determine reasonable reimbursement amount to provide to owner Potential for fraud if documentation is not rigorous More work for SRWS owner
Owner arranges for plumber to remove	District does not need to identify or train plumbers Flexibility for owner	Verification may be difficult Will need to obtain and review plumber invoices Potential for plumber fraud More work for SRWS owner Difficult for District to budget for removal and disposal costs
Single contractor identified by District	Plumber could be trained to obtain all required documentation Reduced cost for each removal due to volume Reduce potential for fraud Less responsibility for owner Known removal and disposal cost per unit	More program requirements/restrictions for owner A single contractor may not be able to handle all removals in all areas Liability issues for District Scheduling may become difficult during peak times
Multiple contractors identified by District	Plumbers could be trained to obtain all required documentation; this would save District time in verifying removals Possible reduced cost for each removal More flexibility for owner than single contractor option Less responsibility for owner Reduce potential for fraud Known removal and disposal cost per unit.	Time and effort to identify, train, supervise, and pay multiple plumbers Liability issues for District

Table 13: Information from Area Plumbers

Business and Contact Name; Area	Estimated Cost Per Removal	Available Nights and Weekends?	Provide Disposal?	Documentation Options Available
Clear Water Plumbing (Nancy Engle); Valencia	\$70/hour (most should only take an hour); would offer volume discount	Yes; time and ½ for evenings and Saturdays double time for Sundays	Yes, \$20	Email; fax
Reckon & Reckon (Steve Reckon); Valencia	\$185 per removal; would offer an average price if doing multiple removals	Yes	Yes, only dumpster disposal available	Email; website
Brock Plumbing (Mel); Valencia	\$100-200 per removal; would provide volume discount	Yes	Yes; \$30 has a disposal site and a recycler	Email; website
Giordano Plumbing CO.; Santa Clarita	\$210-350 per removal	No evenings; weekends if required	No	N/A

In conclusion, since consumer satisfaction, ease of documentation and verification are important factors in addition to cost, the most promising option for SRWS removal appears to be the use of multiple contractors retained by the District. The advantage of multiple contractors over a single contractor is that it provides the SRWS owner more flexibility and potential less delay in scheduling SRWS removal. It also is more equitable to local contractors in that more than one contractor can benefit from the program.

A back up approach could be available to allow the SRWS owners to remove the SRWS themselves and arrange for disposal by their trash hauler or District staff could pick up disconnected units from residences.

COORDINATION WITH PUBLIC OUTREACH PROGRAM

The rebate amount is not the only factor that will influence program participation. Several studies on rebate programs for energy conservation show that for residential customers, participation is influenced less by the incentive amount than by how the program is marketed, convenience of the application process, and time and effort required to implement the change (SCVWD, *Pilot Water Softener Rebate Program Final Report*, May 2006).

The public outreach program promoting the SRWS rebate program is being developed separately by the District, but in parallel to the other elements of the rebate program. Timing of media events and other outreach will be coordinated with launching of the rebate program and other important milestones. Outreach should be designed to maximize participation early on and to strongly encourage rebate applications well before

an election regarding a new ordinance. This will be supported by the decrease in the rebate amount that can be obtained after an ordinance goes into effect, if approved. In addition to providing information on what the rebate is and who is eligible, information about the alternatives to SRWS should be a focus of the outreach program. Finally, more than one application process should be available (i.e., on-line and mail-in) and these options should be well advertised.

PREVENTING FRAUD/ABUSE OF PROGRAM

Once a customer decides to unplug their water softener, a series of steps must be followed in order for the District to verify that the water softener has in fact been removed and that it is not reinstalled in the District's service area. An analogy is the cradle-to-grave process used for disposal of hazardous waste. Thus, it is recommended that specific steps be completed for the customer to receive the rebate. Establishing a detailed application process and appropriate documentation at each step will help to prevent fraud or abuse of the program. The ideas discussed in this section should be considered together with the documentation and verification options discussed previously.

A series of steps similar to those used in other rebate programs, such as the SCVWD program, could be used as a guide and adjusted accordingly if the District uses a contractor for removal and disposal of units (e.g., the contractor can provide the verification before a rebate is provided to the customer). The process implemented by SCVWD was as follows:

- Customer calls in or sends in rebate application.
- Staff records customer information and determines eligibility for rebate and schedules appointment for inspection to confirm ownership of old, self-regenerating water softener.
- Staff visits customer residence to conduct pre-inspection.
- Customer purchases new alternative water softener and has it installed.
- Customer sends in completed rebate form with original UPC code and a copy of the receipt, and removal of SRWS is documented and verified.
- Information for qualified customers is submitted to finance office.
- Finance office issues a rebate check to customer.

If a series of steps similar to the above is implemented, detailed criteria will need to be developed. Additionally, special considerations should be made when establishing the internal structure for tracking rebate applications, organizing customer information, accepting receipts, ensuring disposal, tracking rebate checks, assigning finance and other program duties. Program considerations related to each of these topics are presented in Table 14. Several of the potential issues listed in Table 14 were those identified during audits conducted by the City of Seattle for the Seattle Public Utilities rebate programs. It is important to note that establishing authenticity evidence for District records may be related more to detecting fraud after-the-fact, satisfying audit type reviews, and protecting innocent employees in the event that anything goes wrong than with preventing consumer fraud. The following recommendations, which were presented by

the City of Seattle auditor, should be considered, as appropriate, to ensure proper separation of duties and program documentation:

- The person who approves the rebate should not perform the final inspection.
- The person approving the rebate should not approve the accounts payable request.
- Written procedures should be drafted if the rebate does not require a participation agreement or a final inspection.
- Controls should be implemented that require documentation is placed in all files. A review should be performed prior to release of funds to ensure that all required documentation is in the file.
- Where applicable, internal controls should be implemented to ensure adequate segregation of duties.

All the steps to prevent fraud listed in Table 14 should be incorporated into the program.

IMPLEMENTATION SCHEDULE

The schedule for implementing the rebate program will be linked to the milestones associated with SB 475. Specifically, implementation of the voluntary rebate program could be launched as soon as SB 475 takes effect (January 1, 2007). The voluntary rebate program initiation should be coordinated with the launch of the public outreach program.

Pursuant to SB 475, an ordinance requiring the removal of all grandfathered residential SRWS cannot take effect until a voluntary rebate program is implemented offering 100 percent of the reasonable value and removal and disposal cost to SRWS owners, and the ordinance is placed on the ballot by the District's Board of Directors and approved by a majority vote of the qualified votes cast in a regularly scheduled election in the area. An ordinance may not take effect prior to January 1, 2009, and a rebate program based on 75 percent of the reasonable value and disposal cost must be offered to owners of residential SRWS once the ordinance takes effect.

During the period the voluntary program is being implemented, the District should consider preparing an evaluation of steps needed to proceed with adoption of an ordinance pursuant to SB 475, including documentation necessary to make the findings required by SB 475, the process and potential dates for holding an election to approve an ordinance, and issues related to implementation of the ordinance. The District may want to consider allowing implementation of the voluntary rebate program for a minimum of 6 to 12 months prior to making a decision on whether to proceed with adoption of an ordinance, to ensure that participation is maximized during the voluntary period and the requirements for proceeding with an ordinance are met.

Table 14: Program Considerations to Avoid Fraud and/or Abuse

Program Task	Potential Issue(s)	Resolution(s)
Tracking Rebate Applications & Organizing Customer Information	Duplicate applications leading to duplicate rebate checks	Maintain a spreadsheet or database of all related customer information. Periodically perform duplicate analysis by searching the database for at least: -First and last name -Mailing Address -Installation Address -Purchase date, retail store, make, model, and price
Accepting Receipts	A dishonest plumber could issue phony purchase/installation invoices A customer could try to use a copy of the same receipt twice using contact information of a friend/relative	District could identify and recommend approved plumbers and require that customers have removal performed by one of these plumbers District or a contractor could conduct inspections Require original receipts, make copies of original receipts and record on receipt data regarding the buyback/rebate, or record unique data from receipt (e.g., invoice number) on a "receipt data form" Create a spreadsheet or database of invoice numbers or receipt totals from all receipt copies, originals, and receipt data forms to allow for detection of duplicates
Ensuring Disconnection/ Disposal	Customer could have SRWS disconnected and verified and illegally reconnect it later Customer or another party could potentially apply for a second rebate for the same SRWS.	Do not allow customers to keep their water softener Conduct follow-up inspection to verify unit is not being used Distinctly mark unit as property of District or with other appropriate message Get verification from contractor or trash collection company that unit was disposed of Get verification that SRWS rental agreement has been terminated.
Assigning Finance and Other Program Duties	Employee fraud Bank reconciliations	Segregation of duties (e.g., the person who approves the rebates does not have access to the blank rebate checks) Written policies and procedures could be drafted to ensure adequate internal controls are maintained. These policies and procedures would be made available to staff administering the rebate program Cancelled and voided checks should not be carried forward as outstanding checks The unit preparing the checks should create an automated check register

Recommendations

The primary goal of the revised rebate program is to eliminate SRWS use in the District's service area through a program that is fair and equitable, that is well documented, and complies with the provisions of SB 475. Table 15 provides recommendations on approaches for each program element to achieve this goal based on the discussion above of each rebate program element.

Table 15: Summary of Program Options and Recommendations

Program Element	Options	Recommendations
Rebate amounts		
Removal of existing unit	Specific model approach Cost of most common model(s) Public input	Using Approach 1 based on sales receipts w/ default value (based on Approach 2) where receipts are not available and straight line depreciation based on a useful life of 12 years. Establish maximum cap with appeal procedure. Default purchase price determined using the cost for a selected set of SRWS brands most Santa Clarita residents currently own (Approach 2) and straight line depreciation based on a useful life of 12 years. Default installation of January 2000 (midpoint of installation time) or March 2003 the last month before the installation prohibition went into effect. Provide fixed rebate to rental unit owners that is pre-negotiated.
Documentation required to receive a rebate		
District Customer	Address of where SRWS is located on application form	Documentation would be based on receipts and contractor certification. However, other approaches may need to be used particularly where a receipt or written certification is not available. Home inspections are the recommended alternative if a receipt or written certification is not available. Realtor certification is an acceptable alternative in special circumstances In addition, home inspections should be conducted for some portion of rebates as a check against potential fraud.
SRWS Removal	Contractor receipt/certification Contractor Certification Home Inspection by District's inspector Realtor Certification Landfill/trash hauler receipt	
Brand & Model	Sales receipt Photo of water softener Removal/disposal receipt	
Age & Purchase Price	Sales receipt Vendor purchase records Home purchase documents	
Rental Units	Vendor receipt/cert. of termination of service	

Program Element	Options	Recommendations
Reimbursement of previous rebate program participants		
	<p>Contact all recipients telling them they are eligible for an additional rebate (amt. based on model and age of unit)</p> <p>Include in advertising campaign that people who obtained rebates in the original program are eligible for a supplemental rebate</p>	<p>Contact the recipients and base the reimbursement on the difference between the newly calculated rebate and the current rebate</p>
Process for SRWS removal		
	<p>Owner Removes</p> <p>Owner arranges for plumber to remove</p> <p>Single contractor identified by District</p> <p>Multiple contractors identified by District</p>	<p>Use of multiple contractors retained by the District as part of a professional services agreement</p> <p>A back up approach should be available to allow the SRWS owners to remove the SRWS themselves and arrange for hauling disposal by their trash hauler or District staff could pickup disconnected units.</p>
Coordination with Public Outreach		
	<p>Program is being developed separately but in parallel to other program element development</p>	<p>Outreach should be designed to maximize participation early on and to strongly encourage rebate applications well before an election takes place. Information about participating in program should be accessible and clear</p>
Preventing fraud/ abuse of program		
	<p>Coordinate with documentation and verification procedures</p> <p>Maintain a spreadsheet or database of customer information to track duplicates</p> <p>Pre-number checks</p> <p>Segregate duties</p> <p>Develop written procedures and policies for the program; make available to all staff working on the program</p> <p>Create automated check register</p> <p>Include home inspections to verify SRWS removal.</p>	<p>Use all steps to maintain records and documentation of processes</p> <p>Conduct home inspections on a certain percentage of rebate applicants in an effort to prevent fraudulent applications including applying for a rebate more than once for the same water softener or applying for a rebate and not removing the water softener.</p>

Attachment A – Health and Safety Code Section 116787

116787. (a) Notwithstanding subdivision (d) of Section 116786, the Santa Clarita Valley Sanitation District, or any successor district, may, by ordinance adopted subsequent to an ordinance adopted pursuant to Section 116786, require the removal of all installed residential self-regenerating water softeners, if the district makes all of the following findings and includes those findings in the ordinance:

(1) The removal of residential self-regenerating water softeners is a necessary and cost-effective means of achieving timely compliance with waste discharge requirements, water reclamation requirements, or a Total Maximum Daily Load (TMDL) issued by a California regional water quality control board. In determining what constitutes a necessary and cost-effective means of achieving compliance, the district shall assess all of the following:

(A) Alternatives to the ordinance.

(B) The cost-effectiveness and timeliness of the alternatives as compared to the adoption of the ordinance.

(C) The reduction in chloride levels to date resulting from the voluntary program implemented pursuant to paragraph (1) of subdivision (c).

(D) The potential reduction in chloride levels expected as a result of the program implemented pursuant to paragraph (2) of subdivision (c).

(2) The district has adopted and is enforcing regulatory requirements that limit the volume and concentrations of saline discharges from nonresidential sources to the community sewer system, to the extent that is technologically and economically feasible.

(3) Based on available information, sufficient wastewater treatment capacity exists in Los Angeles County to make portable exchange water softening services available to residents affected by this ordinance.

(4) Based on available information, the adoption and implementation of the ordinance will avoid or significantly reduce the costs associated with advanced treatment for salt removal and brine disposal that otherwise would be necessary to meet the Total Maximum Daily Load (TMDL) for chloride, established by the Regional Water Quality Control Board, Los Angeles Region, for Reaches 5 and 6 of the Santa Clara River, in Los Angeles County that took effect May 4, 2005.

(b) (1) An ordinance adopted pursuant to subdivision (a) shall not be effective until it is approved by a majority vote of the qualified votes cast in a regularly scheduled election, following the adoption of the ordinance, held in the district's service area, in a referendum in accordance with applicable provisions of the Elections Code.

(2) Information regarding the projected cost differences between advanced treatment for salt removal and brine disposal without the removal of installed residential self-regenerating water softeners, alternatives identified in paragraph (1) of subdivision (a), and the removal of installed residential self-regenerating water softeners shall be included in voter information material.

(c) (1) Prior to the effective date of any ordinance adopted pursuant to subdivision (a), the district shall make available to owners of residential self-regenerating water softeners within its service area a voluntary program to compensate the owner of the appliance for 100 percent of the reasonable value of the removed appliance, and the reasonable cost of the removal and disposal of the appliance, both of which shall be determined by the district, with consideration given to information provided by manufacturers of residential self-regenerating water softeners and providers of water softening or conditioning appliances and services in the district's service area regarding purchase price, useful life, and the cost of installation, removal, and disposal.

(2) On and after the effective date of any ordinance adopted pursuant to subdivision (a), the district shall make available to owners of residential self-regenerating water softeners within its service area a program to compensate the owner of the appliance for 75 percent of the reasonable value of the removed appliance, and the reasonable cost of the removal and disposal of the appliance, both of which shall be determined by the district, with consideration given to information provided by manufacturers of residential self-regenerating water softeners and providers of water softening or conditioning appliances and services in the district's service area regarding purchase price, useful life, and the cost of installation, removal, and disposal.

(3) Compensation pursuant to paragraphs (1) and (2) shall only be made available if the owner disposes of the residential self-regenerating water softener and provides written confirmation of the disposal which may include, but is not limited to, verification in writing provided by the franchise refuse hauler that provides the service of removing the appliance or verification in writing of the appliance's destruction by the party responsible for its recycling or final disposal.

(4) If the owner of a residential self-regenerating water softener is in the business of renting or leasing residential self-regenerating water softeners, the owner may voluntarily waive compensation pursuant to paragraphs (1) and (2), and shall not be required to dispose of the appliance if the owner provides the district with written confirmation that the appliance has been removed from the home within the district's service area for use in a location outside the district's service area.

(5) The terms of compensation included in paragraphs (1) and (2) shall be included in an ordinance adopted pursuant to subdivision (a).

(6) (A) Upon the request of the district, the providers of water softening or conditioning services and appliances to residents of the district's service area shall provide the district, within 60 days, copies of purchase agreements or receipts, or any other specific records of sales of residential self-generating water softeners in the district's service area.

(B) The information in this paragraph shall remain protected and confidential in accordance with applicable provisions of the Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(d) Any ordinance adopted pursuant to subdivision (a) and approved in accordance with subdivision (b) shall not take effect until January 1, 2009.

(e) For purposes of this section, "residential self-regenerating water softeners" and "appliances" mean residential water softening or conditioning appliances that discharge brine into the community sewer system.

Appendix C: Community Outreach Materials

3 FEET BY 6 FEET STREET LIGHT POLE FLAGS

Bouquet Junction

April 30, 2007 to June 2, 2007



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\$325 TO \$2,000**

**FOR YOUR
AUTOMATIC WATER SOFTENER**

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The Signal

June 4, 2008
June 24, 2008

FROM \$275 TO \$2,000

Take the Rebate and Run

PREVENT POLLUTION TO THE SANTA CLARA RIVER AND GET CASH—IT'S AN OFFER YOU CAN'T RESIST.

Right now the Santa Clarita Valley Sanitation District will give you 100% of reasonable value for your automatic water softener – up to \$2,000 – AND provide plumbers for free removal and disposal.



TRY ONE-STOP REMOVAL

Once your application is approved, the Sanitation District will provide a list of licensed plumbers. They'll remove your system and haul it away – all for free.

AND, CHECK OUT YOUR ALTERNATIVES

Visit www.lacsd.org/chloride to identify the best replacement system for your home. Check out our database of water softener alternatives sorted by price, manufacturer and peer reviews.

MORE GOOD REASONS TO REMOVE YOUR SALT UNIT

While most residents in this community do not have automatic water softeners, everyone's sewer bills will need to increase if the remaining units are not removed.

One day your automatic water softener will no longer work...so take advantage of the rebate.

SIGN UP NOW AND GET THE MOST OUT OF YOUR REBATE TODAY

Contact the Santa Clarita Valley Sanitation District

www.lacsd.org/chloride

cutsalt@lacsd.org

1-877-CUT-SALT

SANITATION DISTRICTS OF LOS ANGELES COUNTY



Take the Rebate and Run

High chloride (salt) levels in the Santa Clara River could harm downstream agriculture, and everyone should remove their units.

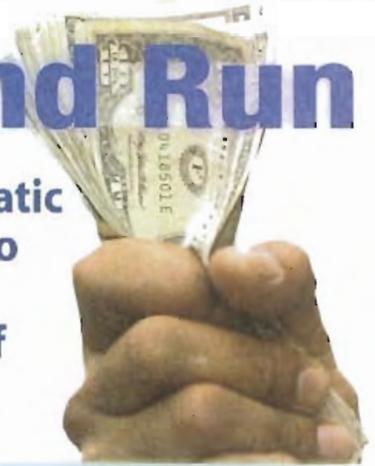
Right now the Santa Clarita Valley Sanitation District will **give you**

**100% OF REASONABLE VALUE
UP TO \$2,000**

for your unit – AND will provide plumbers for free removal and disposal.

Get the most out of your rebate today. **Visit www.lacsd.org/chloride to find out how to get your rebate and where to find alternatives to automatic water softeners.**

**One day your automatic water softener will no longer work...
So take advantage of the rebate today.**



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STEVENSON RANCH HOMEOWNERS ASSOCIATION NEWSLETTER

Distributed to 3,700 Households

Winter 2007

ARE YOU HELPING..?

By Greg Waugh

This article is being written on the night that I responded to probably four hundred different e-mail addresses about the non-existence of our usual Holiday Tree Lighting Ceremony. No, it had nothing to do with our Management Company. Quite simply, our volunteer support ran out.

My intent by writing this article is to hopefully inspire more of you to volunteer your time to help your neighborhood. More importantly, though, I am writing this article as the President of the HOA to say that without increased support, all of the great extracurricular events may stop happening one by one.

These events, keep in mind, may receive full or partial funding by your HOA dues. But that funding in no way covers the time required to plan, organize, and manage the events. Sure our HOA may have the money to put on these events, but what we are lacking is the support from you to plan these events.

Our community has a number of events throughout the year ~ some are organized by the HOA and others are sponsored by religious organizations or even the County. Regardless, these events can be enhanced with small amounts of involvement from people just like you.

If social events aren't up your alley, then we have a committee setup to oversee the painting of our fences. If you don't think the HOA is handling the fences well, then come get involved and help us. We promise your time will be used productively.

How about our Security Committee? Or our newly formed Neighborhood Watch Committee? I can assure you that time spent helping us develop our Neighborhood Watch program will have tremendous benefits to you and to your neighbors.

We just started a Film Committee that is tasked with establishing stricter standards for how filming happens in the Ranch. Ever complained about filming in or around your house? If you answered 'yes' to that question, then I'd like to see you on that committee.

In short, I am taking a 'get tough' stance on complaining UNLESS you are volunteering to help us make things better. I realize this get-tough message may seem conflicting with my

"President's Message" article ~ but I don't think it is.

In fact, the two articles are quite complimentary of one another. The more people that get involved with our HOA the more our HOA becomes a kandler, gentler, and more compassionate organization. It's when there are only five to ten people committing time to running a neighborhood of almost 3,700 homes with fencing problems, filming issues, landscaping failures, and so on that the HOA seems to be an insensitive organization.

We are short staffed right now but I believe we have the opportunity to turn it around. For the first time ever we had a delegate election that ended with every district having an elected delegate. I believe we are starting to see an increase in the interest to participate. I see it as my responsibility as President to (1) motivate you all to volunteer some level of your time and (2) insure that every minute of your time spent volunteering is a minute of value added into this community.

Should you volunteer and find that your time was wasted, I want to know.

Generally speaking you are only looking at a few hours each month as a volunteer on one of the committees. You can certainly put more time in than a few hours, but that will be up to you.

I would be remiss if I didn't put a shameless plug in for garnering support and assistance for this newsletter. Support for this newsletter is growing and we now have four people (not including me) on the committee producing this newsletter. In addition, I hope this will be the last issue that I personally lay out as we look to bring on outside help in this area.

What I'm specifically looking for are people who aren't afraid to write an article or two. More importantly I want to find people who have connections to people who do things that are of interest to our neighborhood. Do you know people in the PTA? How about in the City government? Local businesses? If you do, then maybe you can help me out.

And so my fellow Stevenson Ranch'cons ask not what your HOA can do for you ~ ask what you can do for your HOA.



UPDATES

At the West Ranch Town Council meeting this month there were a number of updates provided about a range of topics. To begin with, the County is actively pursuing the idea of installing shade structures over the play area at Dr. Rioux Park. While they are in the beginning phases of planning, they have asked that we give them some guidance as to the community's feeling about the color of this structure. Please see our regular "Stevenson Ranch Surveys" section to find out how you can provide valuable feedback that will get directly to the County.

The County also updated us that the planned tennis courts for Dr. Rioux park will break ground and should be finished in '08.

At Jake Kerugian Park there will be restrooms installed by the County. This work will also be starting in '08.

Homeowners have asked about what the HOA can do about commercial vehicles parking in our residential streets. The County says that we should work with the local Sheriff's and CHP to patrol this type of activity and if signage is needed then the County can get involved.

The County will also be repairing the very large dips in Stevenson Ranch Parkway with an expected completion date of mid to late December. They will also be installing additional curb ramps through the Ranch.

WATER SOFTENERS

Automatic water softeners (AWSs)—illegal to install since 2003—produce a salty waste that reaches the Santa Clara River and could harm downstream agriculture. If salt levels do not decrease, the Santa Clara Valley Sanitation District (District) may have to install additional treatment equipment, quadrupling annual sewer bills. **Some Stevenson Ranch neighborhoods have significantly higher AWS concentrations than the rest of the Valley.**

A reasonable value rebate offers residents \$325-\$2,000 and free removal and disposal for their AWS. Visit www.lacsd.org/chloride for rebate and alternatives information.

A District representative will address Stevenson Ranch residents at the December 18 meeting. Please attend to learn about Stevenson Ranch's role in chloride reduction.

SKATE PARK

For quite some time there has been a general interest in bringing a skate park to our general area. This is an activity often seen in the Ranch whether it's in a cul de sac or zipping down the street. While there are skate parks within the Santa Clara and San Fernando Valleys, they are obviously a bit of a drive.

The West Ranch Town Council asked the County to look into the possibility of building a permanent skate park somewhere within this area. The County seems generally open to the idea and is willing to commit resources to help identify a suitable location and, ultimately, build the park.

A meeting was held by the County to gather information as to the types of skate specific activities, ramps, and jumps would make for a enjoyable park. In attendance were a number of County Park employees, County Planners, and fifteen or so young skaters. A few parents showed up as did our HOA President and a representative from the Sheriff's department.

At the conclusion of the meeting Greg Waugh asked that the County provide some level of an impact study. Whether the park would be located within Stevenson Ranch or an adjacent community is still undetermined presuming that a skate park gets a green light from the appropriate governing bodies.

The idea of a skate park seems to have a very polarizing effect. Please be assured that this idea is in the very early phases of feasibility and acceptability planning. "Should we do it and where would we do it" would sum it up. If you are interested in helping, please contact Euclid Management.

TREASURER'S UPDATE

By Don Whaley

As board members we have a fiduciary responsibility to the homeowners. As treasurer I consider this to very important. We have instituted some very important cost savings, and more are in the planning stage. At this time our financials are in very good shape and we are living within our budget. Our reserves are at over 68% funded at this time and we are going in the right direction to keep increasing them. With the savings program in place the board has voted not to increase the dues for 2008. This is the kind of information I am pleased to report.

DOORHANGERS

Distributed February – March 2008

Important Neighborhood Message

Take the Rebate and Run

Your neighborhood **has significantly more automatic water softeners compared to the rest of the Santa Clarita Valley.**

These softeners—which use rock salt or potassium chloride—have been illegal to install since 2003.

AUTOMATIC WATER SOFTENER REBATE

We're offering 100% of reasonable value for your unit plus free removal and disposal.

Rebates range from \$275 to \$2,000

The Santa Clarita Valley Sanitation District's (Sanitation District) wastewater treatment plants provide extensive treatment and produce water that meets drinking water standards, but do not remove salt. **Salty waste reaches the Santa Clara River and could harm downstream agriculture.**

FACT If salt levels do not decrease, the Sanitation District may have to install additional treatment equipment, **quadrupling annual sewer bills to \$500.** Additional treatment for chloride may cost more than \$350 million.

FACT About **91 percent** of your Valley neighbors **don't have an automatic water softener**, but they'll have higher sewer rates because of yours.



SANITATION DISTRICTS OF LOS ANGELES COUNTY



Rebate Application Inside

Take the Bigger Rebate and Run



KNOW YOUR REBATE AMOUNT

Complete and mail or fax in the application form. The Sanitation District will send you a letter stating your rebate offer. Rebate amounts are based on the make, model and age of the unit.

TRY ONE-STOP REMOVAL

Once your application is approved, the Sanitation District will provide a list of licensed plumbers. Choose one to remove your system, and they will disconnect the unit and haul it away for free.

CHECK OUT YOUR CHOICES

Automatic water softener alternatives use salt-free conditioning techniques that are not harmful to the Santa Clara River. Check out our list of updated alternatives by price and manufacturer. You can also read reviews from your neighbors. More than 50 alternative systems are available and can be researched at www.lacsd.org/chloride.

Contact the Santa Clarita Valley Sanitation District
for more rebate information

www.lacsd.org/chloride

877-CUT-SALT cutsalt@lacsd.org



SANITATION DISTRICTS OF LOS ANGELES COUNTY



3 INCH BY 4 INCH FLAGS

Distributed to 1,700 Households in
Stevenson Ranch and Fair Oaks Ranch

The Signal
April 28, 2008

IMPORTANT NEIGHBORHOOD MESSAGE

from the Santa Clarita Valley Sanitation District

We recently gave you information about our automatic water softener rebate program.

**Take the
Rebate and Run!**

\$275-\$2,000

for your unit +

FREE removal & disposal!

SANITATION DISTRICTS OF LOS ANGELES COUNTY



www.lacsd.org/chloride

877-CUT-SALT

MEASURE S DIRECT MAIL FLYER

Distributed to over 65,000 Households

September 4, 2008

Measure "S" Factsheet

For more information dial (877) 535-7073 or visit www.lacsd.org/measure_s

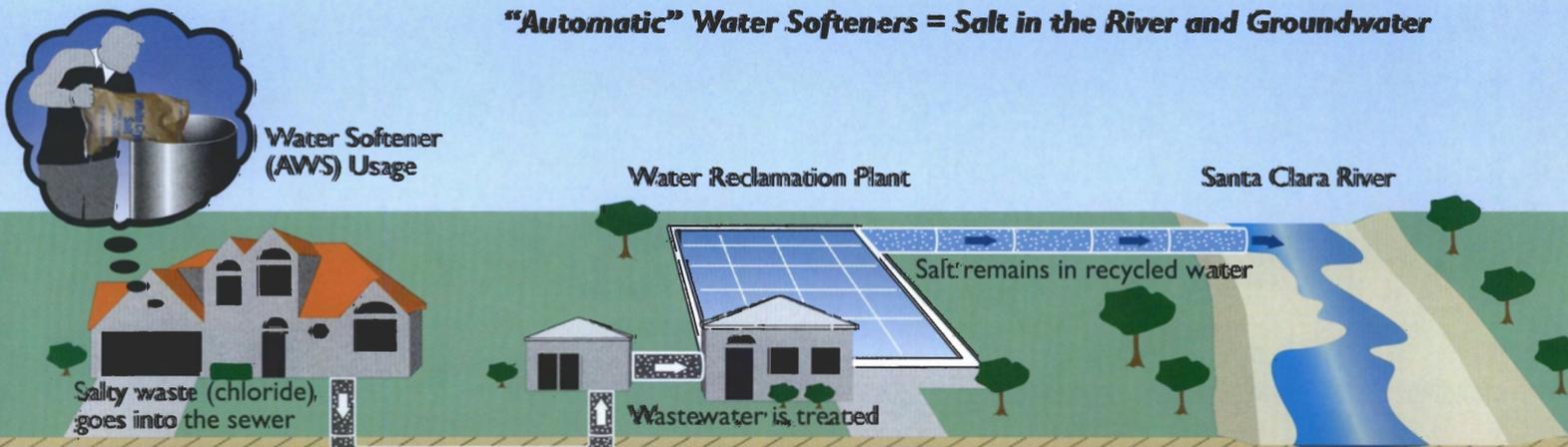
- **SAVES Santa Clarita Valley ratepayers up to \$321.5 million**
- **PROTECTS the Santa Clara River and COMPLIES with a STATE ORDER to cut salt levels in the river**
- **Requires and Pays the 4% of Santa Clarita Valley homes with salt-based "automatic" water softeners to remove their units**
- **Pays owners of salt-based water softeners \$275 to \$2,000 to remove their old units**
- **Allows ALL OTHER types of water softeners to be used**

An "Automatic" water softener (AWS) uses up to 50 pounds of salt or potassium pellets per month and produces a salty waste (chloride) that ends up in our sewers and eventually in the Santa Clara River. Although water reclamation plants treat wastewater, they do not remove salt. The salty waste from AWS is the single largest controllable source of chloride in recycled water and the river.

A State Order requires that salt be reduced in recycled water and the river because it may be harmful to aquatic life, groundwater and downstream agriculture. To comply with the State Order, the Santa Clarita Valley Sanitation District must soon construct expensive desalination facilities, which will be financed by ratepayers. To prevent the need for additional facilities and therefore minimize rate increases, Measure "S" would require four percent of area residents to trade out their environmentally-harmful AWS units, which will reduce the amount of salt in our wastewater. Measure "S" will provide a rebate program paying residents for their AWS (plus free removal and disposal) at a total cost of \$2.5 million, a fraction of the cost of additional desalination facilities. Owners who fail to remove their AWS will be subject to penalties.

Should Measure "S" fail, the District will be required to construct added desalination facilities at a cost to all ratepayers of \$74 million. Furthermore, if Measure "S" fails, it jeopardizes the District's preferred, cost-saving compliance option with the State Order, designed to save ratepayers as much as \$250 million. Therefore, if Measure "S" passes, it could save area ratepayers up to \$321.5 million.

"Automatic" Water Softeners = Salt in the River and Groundwater



Basic Facts About Measure "S"

- SAVES Santa Clarita Valley ratepayers up to \$321.5 million
- PROTECTS the Santa Clara River and COMPLIES with a STATE ORDER to cut salt levels in the river
- Requires and Pays the 4% of Santa Clarita Valley homes with salt-based "automatic" water softeners to remove their units
- Pays owners of salt-based water softeners \$275 to \$2,000 to remove their old units
- Allows ALL OTHER types of water softeners to be used



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Whittier, CA 90601

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See inside for facts you should know about Measure "S"

For more information on Measure "S" dial (977) 525-7072 or visit www.santaclearita.gov

FULL-SIZE COLOR NEWSPAPER WRAP

The Signal

November 27, 2008
November 29-30, 2008

JUNE 30, 2009 DEADLINE

ATTENTION
SANTA CLARITA VALLEY RESIDENTS

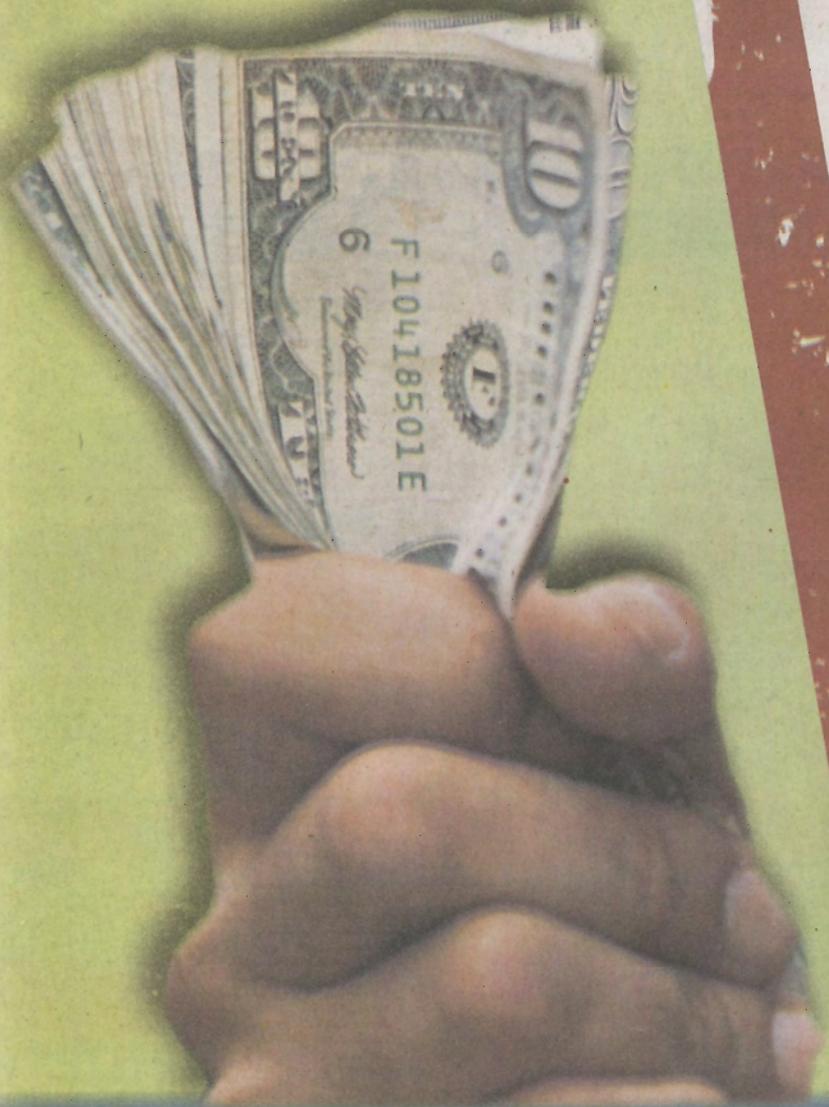
**Automatic
water
softeners
must be
removed
by June 30,
2009**

FACT ▶ Get back 75% of the reasonable value for your unit—\$206-2,000 AND free removal and disposal.

FACT ▶ It's the law.

FACT ▶ More than 50 salt-free alternatives are now available.





**Apply NOW –
units must be
removed
by June 30**

**BANNED
'TODAY
GONE
TOMORROW**

877-CUT-SALT
www.lacsd.org/chloride



TARGETED OUTREACH POSTCARD

Mailed to 11,323 Households

December 3, 2008

ATTENTION AUTOMATIC WATER SOFTENER OWNERS

One in 20 homes in the Santa Clarita Valley STILL OWNS an automatic water softener, and everyone could pay higher fees because of yours.*



FACT The Santa Clarita Valley Sanitation District is offering \$275 - \$2,000 for your softener—AND free removal and disposal. But the days of a full rebate are numbered.

FACT Automatic water softeners produce a salty waste that enters the Santa Clara River and could harm downstream agriculture.

FACT More than 50 salt-free water conditioning alternatives are available now.

FACT If all softeners aren't removed, the District will be forced to construct \$74 million in facilities—causing everyone's sewer bills to skyrocket.



www.lacsd.org/chloride **877-CUT-SALT** cutsalt@lacsd.org



**Automatic water softeners are the kind to which you add salt or potassium.*

FULL-SIZE COLOR NEWSPAPER WRAP

The Signal

May 17, 2009

EFFECTIVE 2009 AUTOMATIC WATER SOFTENERS ARE BANNED AND MUST BE REMOVED

Take advantage of
existing rebates
NOW

ATTENTION
AUTOMATIC WATER SOFTENER OWNERS

The days of a full rebate are numbered. Apply before December 31, 2008 and the Santa Clarita Valley Sanitation District will give you 100% of the reasonable value for your unit—up to \$2000.

Pay off holiday bills and maximize your rebate now, before your unit value is lowered to 75% on January 1.

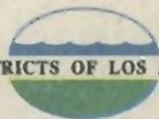
FACT Get \$275-\$2,000 for your softener – AND free removal and disposal.

FACT Submit your application by midnight December 31 for a full rebate.

FACT Automatic water softeners produce a salty waste that enters the Santa Clara River and could harm downstream agriculture.

FACT More than 50 salt-free water conditioning alternatives are now available.

www.lacsd.org/chloride
877-CUT-SALT
cutsalt@lacsd.org



Join your
neighbors who
already removed
their units and

**TAKE THE
REBATE
AND RUN**



www.lacsd.org/chloride
877-CUT-SALT
cutsalt@lacsd.org

SANITATION DISTRICTS OF LOS ANGELES COUNTY

